

12th March, 1924

**THE  
LEGISLATIVE ASSEMBLY DEBATES**

**(Official Report)**

---

**FIRST SESSION**

**OF THE**

**SECOND LEGISLATIVE ASSEMBLY, 1924**



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# LEGISLATIVE ASSEMBLY.

Wednesday, 12th March, 1924.

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

## MESSAGE FROM THE COUNCIL OF STATE.

**Secretary of the Assembly:** Sir, 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 11th March, 1924, agreed without any amendment to the Bill to amend certain other enactments and to repeal certain other enactments which was passed by the Legislative Assembly on the 1st March, 1924."

## REPORT OF THE SELECT COMMITTEE ON STANDING ORDERS.

**Mr. President:** I present the Report of the Select Committee on the Standing Orders.

## THE BUDGET—LIST OF DEMANDS.

### SECOND STAGE—*contd.*

### *Expenditure from Revenue—contd.*

#### DEMAND NO. 9—RAILWAYS—*contd.*

**Mr. President:** The House will now resume the discussion on the Demands for Grants, Demand No. 9, Railways. The original question was:

"That a sum not exceeding Rs. 67,71,60,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March, 1925, in respect of 'Railways'."

**Sir Purshotamdas Thakurdas** (Indian Merchants' Chamber: Indian Commerce): Sir, I rise to move the amendment No. 36 which stands in my name:

"That the provision for Working Expenses under the head 'Railways' on page 37 be reduced by Rs. 25 lakhs."

Before I speak on the amendment, Sir, I am sure, the House, or at any rate, those Members of the House who were present here till late in the evening yesterday, would like me to express their appreciation of your decision to adjourn the House at 7 P.M. yesterday. You reminded me, Sir, very pertinently, if I may say so, when I made that suggestion, that I was one of the vocal Members who said that we should have more time to discuss both the Budget and the Demands for Grants. But I submit, Sir, for your consideration that the demand of mine was not irreconcilable

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with the request I made at 7 P.M. yesterday to adjourn at that hour. I am quite prepared, as far as I am concerned, personally to work longer hours, but I am afraid that even the longest hour that you may fix will not meet with our demand to enable us to discuss the Budget fully within the days fixed at present. I need hardly say that I am as anxious as anybody else in this House to get away from Delhi, but my only anxiety is that we should be able to discuss the Budget as thoroughly as the importance of the various items before us demands.

Now, Sir, I am sure many Honourable Members of this House would like to know the basis on which I have based my figure of Rs. 25 lakhs as the cut that should be made in the Railway Budget. As I hope I will be able to show towards the end of my remarks, that cut should be looked upon as very modest even by my friends on the opposite benches. I therefore propose to explain the basis of my figure right at the end of my remarks. In the first instance, Sir, I should like to refer to the question of Indianisation of the services on the Railways, a question on which a good deal has been . . . . .

**Mr. President:** That question cannot be raised under this demand. It was discussed yesterday.

**Sir Purshotamdas Thakurdas:** May I, Sir, submit that it is on the score of general economy in the Railway Budget, and, unless you rule that I will be out of order absolutely in referring to it, I would not omit it, but I submit that the best part of my claim is based on that demand, and as I have not indicated any particular head, and merely suggest that cut in the whole of the Railway Budget on this one amendment standing in my name, may I ask, Sir, if you will allow me just to say a few more words supplementing what has been said?

**Mr. President:** The Honourable Member will observe that we had several speeches on Indianisation of the Railways yesterday both as a measure of justice to Indians and as a measure of economy in the working of the Railways. We had speeches on the General Budget in the demand moved by Mr. Rama Aiyangar, and we had also speeches on the Indianisation of Railways in the particular case of reduction moved by Mr. Joshi. If I were to allow that now the day would be spent in discussing what has been already discussed yesterday. The Honourable Member may refer to it incidentally, but he cannot reopen a debate on that matter.

**Sir Purshotamdas Thakurdas:** Sir, I accept your ruling, but I must say that I do so with great regret. I wish that I were allowed to dilate on it a little, because I feel that at the stage at which the discussion reached yesterday, the question of the Indianisation of the Railways was not clarified. You will however allow me to refer to the question generally and in passing, and I will refer to paragraph 182 of the Acworth Committee's Report wherein the question of Indianisation, as far as the railways are concerned, is defined fairly clearly. The said paragraph says:

"None of the highest posts are occupied by Indians; very few even of the higher. The position of a District Engineer, District Traffic Superintendent, or of an Assistant Auditor is, with one or two exceptions, the highest to which Indians have hitherto attained. The detailed figures in Appendix 2 show that, on the principal railways of the country, out of 1,749 posts classed as superior, 182, or rather more than 10 per cent. are filled by Indians. Of the 182 Indians, 158 occupy posts as assistant district officers in the various departments; 24 have reached the higher grade of district officers."

Now, Sir, when any non-official Member in this House refers to Indianisation on the Railways, he refers principally to the posts indicated in paragraph 182 of the Acworth Committee's Report. I therefore felt, when the Honourable the Chief Commissioner for Railways yesterday gave the figures on some railways regarding the posts occupied by Indians, that those were not the figures which particularly covered the various posts referred to in the Acworth Committee's Report, and I feel that, if this explanation or definition of Indianisation as explained in the Acworth Committee's Report met with the approval of this House, paragraph 31 of the explanatory Note on the Railway Budget and the information given in it that the number of additional Indian officers in the Railways during the year was only 11, would unanimously be regarded by this House as very disappointing. We have been generally told, Sir, that this question of Indianisation is mixed up with the proposal, or rather the decision that 50 per cent. is the maximum to which Indians can be recruited. I wish to ask if the Railways have reached the stage where they can say that they have 50 per cent. Indians and 50 per cent. non-Indians in the superior grades on their staff. If that is not the case, it would be very useful to know why the Government of India will not recruit Indians faster in order that they may come up to the 50 per cent. standard within two, three or say five years. I feel that, unless anything very cheering in this direction is put forward, this House would be quite justified in disapproving the administration next year.

Then, Sir, I would like to refer to the question of the Rates Tribunal that the Acworth Committee suggested should be appointed for the consideration of the question as to whether the rates that are being charged by the Railways are fair and equitable to the various interests that the Railways of India serve. Paragraph 156 of the Acworth Committee Report says that they found that, whilst they were taking evidence, there was a unanimity on the part of both railway officials who appeared before them and on the part of the Indian witnesses who came before them that a Rates Tribunal on the lines indicated in the Acworth Committee Report would be acceptable to both. I understand, from a remark made here by an Honourable Member yesterday, that the Railway Board have said in reply to a question that the idea of forming and getting to work a Rates Tribunal is under consideration. Now, Sir, I submit that the Acworth Committee, who submitted their Report in September 1921, laid great stress on a Rates Tribunal being started for India as early as possible. The complaints which the Rates Tribunal, when working, can handle and remedy are of long standing and they are particularly complaints from the Indian section of the public which the railways serve. They are complaints of two nature—(1) block rates by various Company lines, and (2) the undue preference of imported over local manufactured goods in India. Now, these complaints were also echoed previously before the Holland Commission and subsequently before the Fiscal Commission. Both these Commissions gave expression to the view that, as far as the evidence before them went, it appeared that there was a *prima facie* case for inquiring into these. As the House knows, there has been a good deal of progress, at any rate an increasing ambition, towards further industrialisation in India and I wonder if the Railway Board really appreciate the great depth of feeling in the Indian commercial section as caused by the way in which delay has occurred in the formation of this Rates Tribunal.

The modelling of railway stations or the remodelling of railway stations and the huge cost that is likely to be incurred on this has met with very

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full notice at the hands of the Inchoape Committee. On page 76 of their Report they refer to the Grant Road remodelling scheme which is estimated to cost 8½ crores of rupees and also to the Victoria Terminus extension scheme, which is estimated to cost 69 lakhs. The Inchoape Committee said:

"The bulk of the remodelling expenditure is on capital account but, in view of the very large amounts involved, we consider that the possibility of remodelling those stations on a smaller scale, which could ultimately be enlarged to meet growing requirements, should be considered."

I think it would be very useful to hear from the Chief Commissioner what action has been taken on this recommendation of the Inchoape Committee. But rumour has it that in Bombay, instead of having these two long distance stations, namely, Grant Road and Victoria Terminus, there is an idea of having one long distance station, Victoria Terminus, involving—again as I say, basing my information on rumour,—involving a huge capital expenditure of from 4 to 5 crores of rupees. I wish, Sir, at this stage at any rate, to lodge my emphatic protest against any such big schemes which later on may be found to be quite unsuited to the needs of the city. Primarily the question is more or less a parochial one and may be regarded as affecting the convenience of Bombay only. But inasmuch as this Legislature has to find the money for this capital outlay, I think we may safely at this stage throw out a hint that it may be very useful to get the opinion both of the commercial and the general public of Bombay on this question, and no further progress should be made in connection with that very ambitious scheme—if the Railway Board have one in view—unless and until this House has gone into and decided upon the necessity for such a huge capital outlay. In the meantime, it would be interesting to know how much expenditure has been incurred on this very ambitious scheme and I personally feel that I should like very strongly to sound a note of warning against any expenditure of large sums on such schemes at this stage.

Perhaps the paragraph in the Supplementary Memorandum regarding the 8 crores of rupees which have to be written off the cost price of the stores in the Railway Administration is the most disappointing and the most depressing feature of the Railway Budget this year. I would read, Sir, a few lines from that Memorandum:

"Owing to the exceptional conditions prevailing during and for some time after the war a large proportion of stores now held in stock are priced in the books at figures materially higher than the current market rates; and a very considerable amount—the exact amount is not yet known—will be required to write their value down. Orders have been issued by the Railway Board that the repricing of all important items of stores should be undertaken at once; and it has been provisionally decided that, in each of the next five years, provision should be made for a debit to revenue on this account of Rs. 30 lakhs per annum. The money will be obtained from the amount carried to Railway reserves. The Railway Board have clearly impressed on the Railway Administrations that this arrangement is special and is designed to clear up the special position following on a period of very high prices and the circumstances of recent years, and that they would not be prepared to adopt this arrangement in the ordinary course of events."

Sir, the first question that arises from these remarks is this, that being written practically in February 1924, that is, six years after the Armistice was signed, is there any justification for doing what perhaps might have been done, or I submit should have been done, either in 1920 or the latest in 1921? It is said that the Railway Board would not be prepared to adopt this arrangement in the ordinary course of events. Do I understand

the Railway Board to plead that the six years from the signing of the Armistice till the time this is brought to the notice of the Legislature are looked upon as years of an extraordinary course of events? I could have understood a remark like this being made either in 1920 or even in 1921; but to make it six years after shows that there has been some gross neglect in some place or other and I think the Legislature would want considerable explanation before neglect of this sort is passed. The question that arises is this, whether this item of 8 crores which is estimated to be the amount that will have to be written off, covers stores held by Company-managed railways in addition to the State-managed railways. Presumably it covers stores held by both railways alike. And if that is so, may I ask my Honourable friend, Mr. Willson, who was anxious to catch at one isolated remark of my Honourable friend on my right when he very justifiably praised the E. I. Railway on some very good features of their administration, a question? Mr. Willson said "That is because it is Company-management." May I ask, is this sum of Rs. 8 crores by which the Railways have not written off their stores for six years, also to the credit of Company-managed Railways? Sir, if the conclusion is that in these matters the Company-managed Railways are as good or as bad as the State-managed Railways, may I ask Mr. Willson to tell me where is the justification for the excuse on which the Legislature were being pressed last year to express a preference for Company management because it is commercial management and would lead to more economy? I do not wish to deal with this question. I only raise it because my Honourable friend was rather keen on impressing the House that Company management would mean greater economy.

But, Sir, let us see how the Honourable the Finance Member wishes to write off this amount.

In paragraph 41 of his speech the Honourable the Finance Member says:

"Under the settlement proposed to be made with the Railways,"

—that is a separate Railway Budget—

"this charge will be taken over by them and spread over a period of ten years, during which there is reason to believe that they will be able to meet it out of their share of surplus profits."

May I ask the Honourable the Finance Member if this will be met out of the surplus profits of Company-managed railways or not? I presume not. The reply that I will be given is that there is a contract with them and that that contract forbids any sort of deduction on such account. Why, then, Sir, should it come out of the surplus profits of the Railway administration of India which wholly belongs to the Indian tax-payer? You are doing nothing else. Why not take the proportionate share from the Company-managed Railways, if for nothing else simply to prove to them that they cannot trifle by neglect with such huge items of stores and that for a period of 5 or 6 years after the Armistice was signed? Unless the Company-managed Railways had reason to believe that there was going to be another outbreak of war after the armistice was signed, I submit that the writing down of the cost price of the stores should have taken place in 1919, or 1920 or at the latest in 1921. In the meantime they went on importing more and more stores to such a point that the Incheape Committee were forced to remark, "We consider that allowing for these, the stocks of stores held are on an extravagant scale." The Railways then held stores costing Rs. 22 crores. They also later on in their report draw attention to the total value of stocks held in India which amounted to very

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nearly 59 crores. I think that what the Incheape Committee said regarding the total quantity of stores held in India would bear a little repetition and a little reminder to this House at this stage. It is only one sentence and I would like to read it:

"The country cannot in our opinion afford the locking up of capital which this huge sum represents, apart from the consequent expenditure on the establishments engaged on the maintenance of the stores, the buildings for their accommodation and the inevitable loss from depreciation. We recommend that an early and progressive reduction be effected in these large holdings."

I feel, Sir, very strongly that the explanation which the Company-managed Railways may give regarding this neglect to write down these stores before now, which has cost the Indian tax-payer so much, should be put very fully before this House.

This, Sir, brings me to the question of the stores policy of the Railway Department. Speaking on another Resolution, I submitted that the Indian Stores Department should be used for the purpose of ensuring to the Government of India that the indents that are sent out from India are only for such articles as cannot be manufactured in India. The only department of the Government of India that patronises the Indian Stores Department—or rather I would say, in order to be more accurate, according to my information—that patronised the Stores Department of the Government of India till last year was the Military Department. The figures put before the Retrenchment Committee last year show that the Military Department had saved a good deal of money. I do not know whether, since then, the Railway Department have begun to be classified amongst the patrons of the Indian Stores Department. But if they are not, I wish to say a little as to why it is incumbent upon this House to insist that the Railway Department shall buy their stores through the Indian Stores Department, and if in certain cases the Indian Stores Department say that they cannot get supplies from India, it is only for such articles that indents should be sent to England. It would be idle and superfluous for me to say that if the stores are bought here, you save (1) interest. You do not have to send out your indents six months ahead, or perhaps longer ahead, as you have to do otherwise. (2) You save, in addition, all that I have read out from the Incheape Committee's report, namely, godown accommodation and the other staff that necessarily must accompany it with further godowns built to hold the stocks. (3) Incidentally, although it may not be directly the outlook of the Railway Department, you give such an impetus to local industries that the Railways again come in to benefit by the encouragement given to the industries. We have been told in past debates—if not in this session, I have read it in the proceedings of the past sessions—that the Indian Railway Department should be worked only on commercial lines. It is only for commercial lines that I plead and I demand, if I may say so, from the Railways which belong to the tax-payer of India, that the ways should be worked in a manner which will conduce best to the interests of the tax-payer of India. Even though temporarily a little higher price may have to be paid for some stores, I submit that the encouragement given by such a huge Department as the Railway Department will enable that particular industry to be built up so well that before very long that industry would be able to ensure to the Railways of India a supply, cheap, on the spot, and on the whole if not directly remunerative to the Railways, will be certainly indirectly more than remunerative, because it would be difficult to assess in rupees, annas and pies how much

such an industry would add to the prosperity of the Railways. The capital expenditure on Railways, as sanctioned by the Legislature till now, is in round figures Rs. 150 crores. A part of it, I know, has been spent. Paragraph 8 of the Explanatory Memorandum points out that this is not all the amount concerned, and that in order to spend these Rs. 150 crores, Rs. 62 crores in addition have to be spent out of the revenues. It practically means that in order usefully to employ these 150 crores of capital expenditure, another 62 crores would have to be employed out of revenues. It practically means that in order usefully to employ these 150 crores of capital expenditure, another 62 crores would have to be employed out of revenue. That practically brings the total up to Rs. 212 crores. A part of it, as I said, has been spent. The major part of it remains unspent. Why should this Assembly, at this very time, not insist and why should the Department concerned not give an undertaking to this Assembly that they will employ the Indian Stores Department for the purpose of finding out whether they can, without being extravagant, and on reasonable lines, buy all their requirements in India? If that undertaking is not forthcoming, I think this House would have very good reason indeed to look askance at the stores policy in the Railway Department. I know that both the Departments belong to the same Government. I am not pleading for one Department as against the other. Each can look after itself. I am pleading for the industries of India, and I am pleading for the tax-payer of India, to whose best interests it is to see that the Railways follow a policy which will before long effect a good deal of economy and a good deal of efficiency all round, not only in the Railways but also in other directions in India. I feel, Sir, that I need not say more to justify the demand that I have laid before the Railway Department here, namely, that they should employ the Indian Stores Department more fully than they may have done hitherto, if at all they have made a beginning, or if they have not yet made a beginning, that they might begin now in right earnest. And I would suggest, Sir, that at the next Budget debate under the item Railways a statement should be submitted to the Assembly pointing out the total value of stores bought and classifying it as to how much of it was bought in India and how much outside, and the reasons for going outside. If they could assure us then that they went outside because the Indian Stores Department told them that they could not buy these articles here, the Assembly would not want any further information.

I feel, Sir, that I should now say a few words as to why my demand is for a cut of Rs. 25 lakhs, nothing more nor less. It is made on the score that there should be more economy in the purchase of stores here, and principally on the score that we want more Indianisation, that that Indianisation should not wait and that this Assembly has not the patience now to wait, and that any further explanation of the nature that was given to me by the Secretary in the Forest Department, when he told me in reply to a question that I asked, that in order to find out as to when the fifty per cent. Indian element in the services could be reached you would want an actuarial calculation, would not avail. If an actuarial calculation was necessary, I submit that it was the duty of that Department before they came to this House for a demand for a grant to work that out. It is no secret that this House has no more patience regarding any excuses in connection with Indianisation. The Government of India must work up to the fifty per cent. Indian element in the superior posts at an early date. Beyond that this House may not insist at this stage, but I submit that, looking at the two demands that I have put forward, my amendment for a cut of Rs. 25 lakhs in the Railway administration grant

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is a very modest one. I hope the Honourable Member in charge of the Department will be able to accept my cut. I wish I could have said a little more in justification of my demand on the score of Indianisation principally, but, as you have ruled otherwise, I am afraid I must reserve it for some other head under this Budget discussion. But I repeat again, on the various grounds that I have mentioned, and some of them I have only touched upon for the sake of raising a discussion, principally on the ground of Indianisation and on the ground of economy,—I feel that on some of the items they would buy stores here much cheaper than they do at present, but even if they do not do so, there must be an assurance that the Indian Stores Department would get a peep into the indents and that indents would be sent out only when they say that they cannot supply the articles from here,—it is on these grounds that I desire to make a cut of Rs. 25 lakhs in the Railway Department demand, and I hope the Honourable Member in charge will be able to accept it without dividing the House.

**Mr. K. Rama Aiyangar** (Madura and Ramnad *cum* Tinnevely: Non-Muhammadian Rural): In connection with the Stores Department to which Sir Purshotamdas Thakurdas referred, I want to make a statement. On the 25th February, 1924, I put a question as follows:

“Q.—With reference to the table showing purchases made in England without accepting the lowest tender referred to on page 16 of Volume IV of the Assembly Debates dated 1st February, 1924, will the Government be pleased to state what stock on hand of the articles referred to hereunder was available on the dates of purchase referred to in the table at pages 16, 17 and 20?

Bottles (water)—2 items.  
Wheels and axles—3 items.  
Tracing cloth—1.  
Punching machine—1.  
Portland cement—1.  
Netting (mosquito)—2.  
Tickets (Railway)—1.

A.—In order to supply the information required by the Honourable Member it would be necessary first to ascertain from the High Commissioner which was the indenting department or officer in each of these cases and then to inquire from these officers and departments what stocks they held. The value of the information required would not be commensurate with the labour and expense of obtaining it. I may add that all departments have strict instructions regarding the scale of stock to be maintained and indents for supply are made only in accordance with such instructions.”

**The Honourable Mr. A. C. Chatterjee** (Industries Member): May I rise to a point of order, Sir? That question did not specifically relate to railway material. It related to all materials purchased on behalf of all the Departments of the Government of India and I want to know whether the point now raised by the Honourable Member is in order on this motion which relates to Railways.

**Mr. President:** I cannot tell how much of it is in order and how much is not, but it appears to me that it will be more properly in order under the Honourable Member's (referring to the Honourable Mr. A. C. Chatterjee) Department vote.

**The Honourable Mr. A. C. Chatterjee:** There is nothing to show that any of these items which the Honourable Member referred to in this question was meant for the Railway Department.

**Mr. K. Rama Aiyangar:** My Honourable friend will see that wheels and axles are referred to. I do not suppose these are intended for other Departments, and that is the largest in that lot.

**The Honourable Mr. A. C. Chatterjee:** I cannot say whether wheels and axles might not have been wanted for the Northern India Salt Department or for the Army Department.

**Mr. K. Rama Aiyangar:** Can that kind of argument hold good? I submit my Honourable friend should know better than I whether wheels and axles were wanted for others without knowing what they are. He says it may be for this, it may be for others, but certainly that is an answer of the kind to which we have been accustomed all these days . . . .

**Mr. President:** There is a vote for the Stores Department?

**The Honourable Mr. A. C. Chatterjee:** Under the head of Miscellaneous Departments.

**Mr. President:** It will certainly be in order then. The Honourable Member had better reserve his remarks for that demand.

**Mr. K. Rama Aiyangar:** May I ask, Sir, whether miscellaneous stores purchases include this?

**Mr. President:** It is not miscellaneous stores purchases. The Stores Department is under the vote for Miscellaneous Departments.

**Mr. K. Rama Aiyangar:** Does that include railway stores also?

**Mr. President:** Any railway stores bought through the Stores Department come necessarily under the Stores Department vote.

**Mr. K. Rama Aiyangar:** I want information and I am entitled to it. I am sure, then they will say it does not include this.

**The Honourable Mr. A. C. Chatterjee:** It will at any rate come under the Director General of Stores under the High Commissioner in England.

**Mr. K. Rama Aiyangar:** There is an evasion, you will see, Sir. That is the reply that is given. Three crores of rupees have to be written off. The Stores Department here or the Railway Department here must have known how much was wanted on that date. The High Commissioner gives the order, it is said. From the table placed before the Assembly on the 1st February, 1924, relating to purchases made at other than the lowest tender rates, you will find at page 16 that water bottles have been purchased for Rs. 21,645 more than the lowest tender, that is £1,443-0-0. It is purchased for the reason that "orders for 33,000 bottles were placed with each of the two lowest English firms."

**Mr. President:** Is that for Railways?

**Mr. K. Rama Aiyangar:** I am not sure.

**Mr. President:** Nor am I. As I pointed out to the Honourable Member, we know that it will be in order under the Stores Department vote and he can raise it then. The point he is entitled to raise is whether the Railway Department uses the Indian Stores Department for the purchase of its stores or not, but he is not entitled to go further and deal with a subject now which falls under the Stores Department vote.

**Mr. K. Rama Aiyangar:** I shall then confine myself to wheels and axles for the present. There are two heads of purchase under wheels and axles and I find that they have been purchased for Rs. 97,020 more than the lowest tender. The Honourable Member in charge is not able to say how much of stock was available on the date this order was given, but the reason

[Mr. K. Rama Aiyangar.]

given for purchasing at higher than the lowest tender rates was that they wanted the thing to be immediately given by the time fixed. I want to know if the India Government can plead that excuse in this matter. They now want to write off three crores. Let it be cut from the salaries of the officers concerned, or from the companies concerned. Let it be paid by Government in some other form or under the powers of certification; let it be taken to some other head, but why should the tax-payer pay it? That has been our complaint. Orders for large purchases had been given—there was information upon which there was a question, but I have not got the question on hand,—about the end of 1923. Of course, we can go into it fully under another head as has been ruled by you. But whatever it is, I can only say that when information is required for elucidating the position, you give excuses for such large over-payments as Rs. 97,000 to help particular firms. Certainly the cut proposed by Sir Purshotamdas Thakurdas, namely, Rs. 25 lakhs, is a very modest demand.

**The Honourable Sir Charles Innes** (Commerce Member): Sir Purshotamdas Thakurdas has raised a number of questions. Some I will endeavour to deal with myself. Some I will leave to officers better acquainted with them, the Financial Commissioner for Railways and the Chief Commissioner. This question of surplus and unserviceable stores is a question which my friend Mr. Parsons is better able to deal with than I am, but I should just like to point out that Sir Purshotamdas Thakurdas and Mr. Rama Aiyangar are under some misapprehension in this matter. The reason why we have not been able to write down the value of these stores is that from the money provided by the Assembly for working expenses we have not been able to provide for the necessary expenditure. We have to write them off against revenue and we have not got revenue provision to enable us to do it. I will leave the matter at that for the present as it will be explained in more detail by Mr. Parsons. Similarly, I do not propose to go into the question of remodelling of stations and in particular the remodelling of the Victoria Terminus in Bombay. This is a question which the Chief Commissioner is more able to deal with than I am. Naturally I entirely agree with Sir Purshotamdas Thakurdas that in all these remodelling schemes we must pay the strictest possible attention to economy, but I would point out to Sir Purshotamdas Thakurdas and to this House that the constant pressure from this House has been in the other direction. The constant pressure from this House is that we should provide waiting rooms for all classes of passengers including intermediate passengers. There is constant pressure from this House and from railway travellers all over India for more and more amenities and facilities in the way of refreshment rooms, waiting rooms, retiring rooms and the like. You will find it stated in the book from which I quoted the other day, Sir Courtney Illbert's "Parliament", that in many matters the pressure from a democratic Assembly is not in the direction of economy but in the direction of greater expenditure on matters of this kind. But at the same time, as far as I am concerned, I entirely agree with the general principle laid down by Sir Purshotamdas Thakurdas that we must in all these remodelling schemes pay the strictest possible attention to economy.

Then, Sir, let me next come to the question raised by Sir Purshotamdas Thakurdas, the question of the Rates Tribunal. I may say at once that we in the Government of India who are connected with railways are entirely in favour of this Rates Tribunal. We do not admit that the complaints

which are often made against Indian railways that we give more favourable rates to our exports and imports or to traffic to and from the ports than we give to the goods produced by Indian industries have any foundation whatever. In fact, if Sir Purshotamdas Thakurdas will read paragraph 151 of the Acworth Committee's report, he will find that the Acworth Committee found that we had quite a clean sheet in that respect. If there is any discrimination at all, let me here and now say that it is discrimination in favour of Indian industries. I supplied my Honourable friend, Mr. Chatterjee, the other day with some particulars of the favourable rates which we give to Indian industries and I myself was surprised at the length of that list and I think that Sir Purshotamdas Thakurdas, who is connected with one of the biggest industrial concerns in this country, namely, the Tata Iron and Steel Company, has no complaint to make against, at any rate, the Bengal Nagpur Railway in respect of concessions in railway freight rates.

**Sir Purshotamdas Thakurdas:** I am sorry to interrupt my Honourable friend. My complaint was more in regard to the smaller industries run by humbler men than the Tatas.

**The Honourable Sir Charles Innes:** What I say is that we do not admit that there is any foundation for those complaints. At the same time we do know that these complaints are made and we do feel that the best interests of railways demand that these complaints should be investigated with the fullest publicity. We do not fear that publicity. On the contrary, we court it, and that is the reason why we are much in favour of this proposal to have this Rates Tribunal. That is not an easy proposal to work out in detail because, if Sir Purshotamdas Thakurdas will excuse me, when we came closely to examine the recommendations of the Acworth Committee in respect of the Rates Tribunal we found a certain vagueness. That of course is only natural. A Committee can only make a suggestion of that kind; it cannot be expected to work it out in detail. When we came to work it out in detail we found that there were certain difficulties, but I think we will be able to overcome those difficulties. We have discussed the matter with the Central Advisory Council. We have carried out what I understand to have been the suggestion of the Acworth Committee, namely, that the Rates Tribunal should be started in the first instance by executive action, and that the President of the Rates Tribunal should be entrusted as one of his duties with making proposals for the revision of the Railway Act. We are proceeding on those lines and we have sent our proposals home to the Secretary of State. The reason why we have to adopt that procedure is that, if we proceed by executive action, we have to get the Company-managed railways and their Boards of Directors to agree in our proposals. I have not the slightest doubt that they will agree and I hope that before long we will have the Rates Tribunal actually in being and when the Rates Tribunal comes into being those who have got any complaints about the reasonableness of rates or about undue preference will come forward and that these complaints will be examined in public by the Rates Tribunal.

I then come to the question of Indianisation. I do not know that I have got very much to add to what I said yesterday. I understand that Sir Purshotamdas Thakurdas' complaint and the complaint of this House generally is that there are not sufficient Indians in the higher ranks of railway service. Well, Sir, that may be a criticism upon the policy followed by the railways in the past. I am not going into past history, because I was not responsible for that policy, but I think every one will recognise that

[Sir Charles Innes.]

in a matter of this kind you have got to begin at the bottom. You have to take in Indians in the lower ranks of the gazetted service and it must be a matter of time before those Indians rise to the top. That is all I can say in regard to that matter. It is not true to say that Indians have not risen to higher posts in railway service. Sir Purshotamdas Thakurdas well knows we had an Indian who was the Chief Engineer of one of our important State railways not long ago. He has now retired but, as far as I am concerned and as far as the Railway Board is concerned at present, as I explained yesterday, we are carrying out quite faithfully the policy which has been laid down. We are Indianising in accordance with the Preamble of the Government of India Act. As I pointed out yesterday, since 1916, 50 per cent. of the Assistant Engineers who have been recruited for railway service have been Indians and 50 per cent. of the additional Traffic Superintendents have been Indians and nearly 50 per cent. of the Assistant Controllers of Stores. Whether we can speed up, possibly we may be able to speed that up, is a question in regard to which we can only say that we are awaiting the report of the Lee Commission. It is one of the questions which the Lee Commission is examining. The Chief Commissioner for Railways gave evidence before that Commission on this very point a few days ago, and, when we get their report, we will take up the question of whether we can speed up the present rate of Indianisation.

I then come to the question of purchase of stores and utilisation by Railways of the Indian Stores Department. This was a question raised some days ago when Mr. Chatterjee and myself had occasion to point out to Sir Purshotamdas Thakurdas that, while we had made every effort to get the Indian Stores Department started, we had got very little encouragement from the Retrenchment Committee. It is not a fact that we got that little encouragement because we did not put proper information before the Committee; we sent our officers to the Retrenchment Committee in order that the Committee might examine them if they wanted to do so. However, I do not propose to pursue that aspect of the question. In the Railways we are using the Indian Stores Department at present so far as testing and intelligence are concerned. We have also under discussion with the Indian Stores Department the question whether we should hand over to the Indian Stores Department the whole of our purchase arrangements. That is a question which I can only say we have to consider very, very carefully. We have very large stores depots in existence all over India, and we have got to keep those stores depots because we keep very large stocks of stores, and we have officers who look after our stores, and who are also purchasing officers. The proposal now made by Sir Purshotamdas Thakurdas is that we should make over the whole of our purchasing arrangements to Mr. Pitkeathly's Department up here. That is a very large order. It is a very large order indeed to ask a commercial department to divest itself at once of all its own purchasing arrangements for its stores. I do not say we will not do it; all I say is that I have arranged that Mr. Pitkeathly, Mr. Hindley and myself should have a meeting to discuss the whole question. (Hear, hear.) But it does not follow that because we have not yet handed over our actual purchases to Mr. Pitkeathly, and his men, that we do not propose to follow, as far as we can, the policy of the Government of India that wherever we can we should purchase the stores we require in India. I am quite prepared to admit, as I admitted the other day, that individual officers may not follow out as carefully as we do up here in the Railway Board

and the Indian Stores Department the prescriptions of the Indian Stores Rules. As I have said before, it has always been very easy to buy from the London Stores Department. You put down in an indent what you want, you have no more trouble, and in due course the stuff is supplied; but our Stores Rules have been revised deliberately with the intention of encouraging and enforcing purchase in India, and we will insist that those Stores Rules are faithfully carried out in spirit and in letter by the Railways, whether their purchases are carried on by the Indian Stores Department or by our own purchasing officers. (Hear, hear.) At the same time one has got to be careful in regard to this matter. Sir Purshotamdas is a business man, the railways are a business concern. In all these questions we have to decide which on the whole is a better policy, whether we should buy in India at very much greater cost, or whether, if we can secure greater economy, we should buy in England.

**Sir Purshotamdas Thakurdas:** I never said that you should buy in India at "very much greater cost." What I said was at a reasonable increase in cost. I am very anxious to make this point clear, as I do not think it is a correct representation of what I said. I never said very much greater cost.

**The Honourable Sir Charles Innes:** I am very glad to have elicited that explanation from my Honourable friend. If I misunderstood him, I apologise. I certainly understood him to say that it should be our policy at whatever cost to buy in India. I am glad to see that as a business man Sir Purshotamdas does not advocate that policy. The policy which he advocates is exactly the policy which is laid down in the Indian Stores Rules and which we are following up.

Mr. Rama Aiyangar referred to wheels and axles. He suggested, although it has nothing to do with the Indian Stores Department, that wheels and axles had been purchased from British manufacturers instead of from Continental manufacturers, on the false plea that those wheels and axles were required urgently. I am afraid that I cannot give him the exact details of that particular case. The indent was sent to the London Stores Department and the Agent of the Railway in his indent remarked that the stores in question were required within a certain period. It may have been three weeks or ten weeks. The London Stores Department in comparing the tenders found that the lowest tenderer from a Continental country was unable to give delivery within that period, and since the Agent had definitely stated that he wanted delivery within a certain time, the London Stores Department accepted the higher tender. Whenever we call for tenders ourselves we make most careful inquiries from the Agents as to whether or not the urgency in regard to supply is so great that we would be justified in accepting the higher tender. That is all that I can say on that particular point.

I should like to say one thing because Sir Purshotamdas has suggested that the Railway Budget should be cut down by 25 lakhs of rupees in order that the House may express its views upon certain questions of general policy. It seems to me that the cut is unnecessarily large, having regard to the purpose in view. Sir Purshotamdas's object would have been served just as well had he moved reduction of, say, one hundred rupees.

**Sir Purshotamdas Thakurdas:** You would look upon it as a censure and would have asked us not to pass it.

**The Honourable Sir Charles Innes:** I am asked to agree to a cut of 25 lakhs, not because Sir Purshotamdas Thakurdas challenges the correctness of my estimates, but merely because he wishes that the House should express their views upon certain questions of policy. It seems to me that he might quite reasonably reduce his demand below 25 lakhs of rupees.

**Mr. M. A. Jinnah** (Bombay City: Muhammadan Urban): What is your offer?

**The Honourable Sir Charles Innes:** One lakh, Sir! I think if Sir Purshotamdas reflects, he will agree with me that he has put his demand too high for the purpose he wishes to serve.

**Sir Purshotamdas Thakurdas:** Sir, as I have not the right to reply, may I make a personal explanation regarding what the Honourable Member was rather anxious to get from me? He was good enough to say he accepted my explanation that I never said he should buy in India at "a very much greater cost" than he could import. I do not want to leave this unqualified. What I wish to see put on record clearly is that other considerations besides those of price also would prevail in that decision, and I am prepared to leave that decision to the Member in charge at present.

**Mr. President:** The question is:

"That the provision for Working Expenses under the head 'Railways' be reduced by Rs. 25 lakhs."

The Assembly divided:

AYES—58.

Abdul Karim, Khwaja.  
 Abhyankar, Mr. M. V.  
 Abul Kasem, Maulvi.  
 Acharya, Mr. M. K.  
 Aiyangar, Mr. K. Rama.  
 Aney, Mr. M. S.  
 Ariff, Mr. Yacoob C.  
 Belvi, Mr. D. V.  
 Bhat, Mr. K. Sadasiva.  
 Chaman Lal, Mr.  
 Chanda, Mr. Kamini Kumar.  
 Chetty, Mr. R. K. Shanmukham.  
 Das, Mr. Bhubanananda.  
 Datta, Dr. S. K.  
 Dutt, Mr. Amar Nath.  
 Ghulam Bari, Khar Sahib.  
 Goswami, Mr. T. C.  
 Gour, Dr. H. S.  
 Govind Das, Seth.  
 Gulab Singh Sardar.  
 Hans Raj, Lala  
 Hari Prasad Lal, Rai.  
 Jinnah, Mr. M. A.  
 Joshi, Mr. N. M.  
 Kartar Singh, Sardar.  
 Kasturbhai Lalbhai, Mr.  
 Kazim Ali, Mr. M.  
 Kelkar, Mr. N. C.  
 Kidwai, Shaikh Mushir Hosain.  
 Lohokare, Mr. K. G.

Mahmood Schamnad Sahib Bahadur,  
 Mr.  
 Ma'aviya, Pandit Krishna Kant.  
 Malaviya, Pandit Madan Mohan.  
 Mehta, Mr. Jamnadas M.  
 Murtuza Sahib Bahadur, Maulvi  
 Sayad.  
 Mutalik, Sardar V. N.  
 Nambiyar, Mr. K. K.  
 Nehru, Pandit Motilal.  
 Neogy, Mr. K. C.  
 Patel, Mr. V. J.  
 Phookun, Mr. Tarun Ram.  
 Piyare Lal, Lala.  
 Purshotamdas Thakurdas, Sir.  
 Ramachandra Rao, Diwan Bahadur M.  
 Ranga Iyer, Mr. C. S.  
 Ray, Mr. Kumar Sankar.  
 Reddi, Mr. K. Venkatarama.  
 Roy, Mr. Bhabendra Chandra  
 Roy, Mr. K. C.  
 Sarda, Rai Sahib M. Harbilas.  
 Sarfaraz Hussain Khan, Khar  
 Bahadur.  
 Shams-uz-Zoha, Khan Bahadur M.  
 Singh, Mr. Gaya Prasad.  
 Sinha, Mr. Ambika Prasad.  
 Sinha, Mr. Devaki Prasad.  
 Sinha, Kumar Ganganand.  
 Venkatespatiraju, Mr. B.  
 Yakub, Maulvi Muhammad.

## NOES—43.

Abdul Qayyum, Nawab Sir Sahibzada.  
 Ahmad Ali Khan, Mr.  
 Ahmed, Mr. K.  
 Aiyar, Mr. A. V. V.  
 Aiyer, Sir P. S. Sivaswamy.  
 Ajab Khan, Captain.  
 Akram Hussain, Prince A. M. M.  
 Allen, Mr. B. C.  
 Bell, Mr. R. D.  
 Blackett, The Honourable Sir Basil.  
 Burdon, Mr. E.  
 Butler, Mr. M. S. D.  
 Calvert, Mr. H.  
 Chatterjee, The Honourable Mr. A. C.  
 Clarke, Mr. G. R.  
 Cocke, Mr. H. G.  
 Dalal, Sardar P. A.  
 Dunk, Mr. H. R.  
 Faridoonji, Mr. R.  
 Fleming, Mr. E. G.  
 Fraser, Sir Gordon.  
 Gidney, Lieut.-Col. H. A. J.

Hailey, The Honourable Sir Malcolm,  
 Hindley, Mr. C. D. M.  
 Hira Singh, Sardar Bahadur Captain.  
 Hoime, Mr. H. E.  
 Innes, The Honourable Sir Charles.  
 Lloyd, Mr. A. H.  
 Makan, Mr. M. E.  
 Moir, Mr. T. E.  
 Moncrieff Smith, Sir Henry.  
 Muhammad Ismail, Khan Bahadur  
 Saiyid.  
 Nag, Mr. G. C.  
 O'Malley, Mr. L. S. S.  
 Owens, Lieut.-Colonel F. C.  
 Parsons, Mr. A. A. L.  
 Percival, Mr. P. E.  
 Pilcher, Mr. G.  
 Rhodes Sir Campbell.  
 Singh, Rai Bahadur S. N.  
 Turing, Mr. J. M.  
 Ujagar Singh Bedi, Baba.  
 Willson, Mr. W. S. J.

The motion was adopted.

**Mr. K. Rama Aiyangar:** Sir, I beg to move:

"That the provision for Working Expenses under the head 'Railways' be reduced by Rs. 100."

The object of this motion, Sir, is that I want that the power this Assembly has over the Railway Budget should be given the opportunity of being exercised surely and well and with perfect knowledge. The Budget that is placed before the Assembly does not enable us to go very far to understand the details. The administration report that we have, does not enable us to understand what the position is. We should very much like to have the previous figures compared with the new figures of the year that are being introduced into the statistics, if possible. That would help us to understand our situation better. We should then be able to criticise and explain, if necessary, the position that we take and expose loopholes in the administration. My simple point is, Sir,—I do not want to dilate upon it, a portion of it was expressed by me yesterday and I do not want to waste the time of this Assembly again—that every one will agree that the powers given to the Assembly in the matter of the Budget must be exercised freely and fully. Up to now the matter has not been done for Railways in the form in which I here propose and people were content to leave those two or three books aside practically unread and only talk of what is introduced into the main Budget. I do not say the working expenses have not been attended to in the Assembly's sittings. All that I say is whatever you may say in respect of these items, they will not be made clear unless we had the detailed demands and we shall always be twitted by Members on the opposite benches, and we may be placed in a hole which I do not want. If my suggestion is adopted, it will also avoid unnecessary trouble as to the amendments we wish to propose. If details are given, we shall know where we are and try to study and place before Government such views as we have more definitely. Similarly, Sir, yesterday Colonel Gidney was complaining of the position in which the Anglo-Indians stand. There would be no such complaint if he knew what the permanent staff is and how much of it could be moved from one place

[Mr. K. Rama Aiyangar.]

to another or utilised for other purposes. Similarly again, Sir Purshotamdas Thakurdas had to labour under a great deal of disadvantage in not knowing the details. It is a complaint that will be put forward every time, so long as the present state of affairs continues. If, on the other hand, you place the Budget clearly before us, we shall be able to see at once how much has been done and how much is possible. I mentioned to the Honourable the Finance Member this year, about 10 days before the presentation of the Budget, that I should like information to be given in the Financial Statement to show what the establishment of the previous year was and what the establishment of the new year will be, to compare the two and see how much new element is being introduced, in what offices and for what purposes. That was what I mentioned to the Honourable the Finance Member. He explained to me immediately that he was not sure that that could be done in the course of the few days left before the Statement was to be presented. But I wish to take this opportunity of mentioning that both in the Financial Statement and in the Railway Budget we should have such details as would give not only the existing staff but also the organisation to be introduced in the following year and every other detail necessary—such as what money is spent on recurring and what on non-recurring heads. If this were done, there would not be all these recriminations—I would not attack nor be attacked, the whole discussion would run smoothly, our objections being taken to particular items that are brought up. I expect the Government to accept my suggestion and see it carried out, otherwise it is a matter in which the Assembly must exercise its right. I will request Honourable Members to press it, if there is no satisfactory answer from the Government and an undertaking to supply what I want before September is not given.

**Lieut.-Colonel H. A. J. Gidney** (Nominated: Anglo-Indians): Sir, I am glad I have this opportunity which I lost last evening of talking on this subject. I do not wish to travel over the ground that I did yesterday, but to confine my remarks to the opening given me by the last speaker. The last speaker discussed the question of Indianisation of the Railways. I regret it is necessary for me again to refer to this matter and in further detail. In doing so if I should be compelled to introduce and refer to certain of my own opinions, impressions and statements which might not be very pleasant for the Member in charge of Railways to hear, I can only express my great regret that I find such is necessary in the interests of the community which look upon the railway as their main source of employment, and who are to-day seriously suffering as the result of Indianisation of the Railways. Sir, this serious and vexed question of Indianisation faces the Anglo-Indian community and is imperilling its future stability. It must be cleared up by the Government and by this House.

**Mr. President:** I cannot allow the Honourable Member to speak on that subject again. He has just told the House that he had an opportunity yesterday, and he cannot take up that subject again to-day.

**Lieut.-Colonel H. A. J. Gidney:** I am sorry I did not catch your eye yesterday, it was my misfortune; but the last speaker introduced the subject of Indianisation and I thought I might seize the opportunity. He did refer to it.

**Mr. President:** I am afraid if he did, at that moment I was deaf. (Laughter.)

**Lieut.-Colonel H. A. J. Gidney:** Then do you rule, Sir, that I cannot talk on the matter to-day though I was given no opportunity yesterday? (Mr. President signified his assent.) Thank you, Sir; I abide by your decision. The other question, Sir, which seriously concerns the community, is the general administration of the railways and I speak in particular of the G. I. P. Railway. The refusal of this Railway in particular to recognise certain bodies of men in the railways called unions or associations, such as the Amalgamated Society of Railway Servants . . . . .

**The Honourable Sir Charles Innes:** May I rise to a point of order. I understand that the object of this motion of Mr. Rama Aiyangar is to ensure that the Budget is put up before the House in a form which will please the House better than the present Budget. May I ask whether it is in order to raise the question of the Great Indian Peninsula Railway administration or the question of these unions and associations?

**Mr. President:** That is so. The Honourable Member is not in order. The difficulty that Honourable Members get into is this—that they do not combine together and those interested in one particular set of subjects agree that one of their number will move a reduction and confine the debate to that particular subject. The result is we have an extremely irregular debate which it is very difficult for the Chair to keep in order and from which Honourable Members emerge with a sense of grievance against the Chair or against themselves—one does not know which—because they have not had an opportunity of speaking. The fault rests entirely with themselves. I tried to show the first Assembly the manner in which they could make their criticisms most effective. That can only be done if those interested in a particular aspect of railway administration agree beforehand to put down a reduction. It does not matter whether the reduction is Re. 1 or 1 crore. It is better that it should be Re. 1 for effective criticism than 1 crore, because the moment you introduce the larger figure the question of economy comes in and not the question of administration simply. I would like to emphasise that point here. These discussions are provided in order to enable Honourable Members effectively to criticise the administration, and if Honourable Members will only agree to meet together beforehand,—those interested in Indianisation, those interested in other aspects of railway administration, and so on—and put down a series of reductions and let me know beforehand what they wish to discuss, we shall have much more regular and much more effective debates.

**The Honourable Sir Charles Innes:** I venture, Sir, to add very respectfully to what you have said that if the House does adopt that procedure, I hope they will not only let you know the subjects in which they are interested, but also let Government Members know what they are, so that we may be in a position to answer the various points raised. At present we come to this House, we have motions down on the paper for reductions by Rs. 100 or whatever it may be, but we do not know at what point we are going to be attacked.

And now the particular point we are dealing with is the question of the form in which the Budget should be presented to this House. I quite realise the difficulty that we have in placing before the House a Budget which deals with such a large sum of money. I quite realise also the difficulty which the House has in criticising that Budget, and that is one

[Sir Charles Innes.]

of the objects we hope to secure, if the House will only agree to our proposals for separation. If those proposals are agreed to, it may be possible to take the Railway Budget—I do not say it is possible—but it may be possible to take the Railway Budget entirely separate from the ordinary Budget of the country and to give more time for the discussion of the Railway Budget, and it will be possible for us, I hope, to put our proposals before the House in a much more comprehensible form.

As regards Mr. Rama Aiyangar's motion, all I need say is this. I think that there is everything in the Budget papers that we present to this House, though it may not be very easy for Honourable Members to find their way about those papers. But, Sir, Mr. Parsons will take up the examination of these statements and will see in what way they can be improved and clarified, and in undertaking that task, I may say on behalf of the Government and of the Railway Board that we shall be very pleased to consider any suggestions that may be made by Honourable Members. In these circumstances, Sir, I hope the Honourable Member will withdraw his motion.

**Mr. K. Rama Aiyangar:** I do not press my motion, Sir.

**Mr. President:** Does the Honourable Member withdraw his motion?

**Mr. K. Rama Aiyangar:** Yes, Sir, I withdraw my motion.

**Mr. N. M. Joshi (Nominated: Labour Interests):** I object . . . .

**Mr. President:** Does the Honourable Member object to Mr. Rama Aiyangar's withdrawing his motion?

**Mr. N. M. Joshi:** Yes, Sir, I object to his withdrawing the motion.

Sir, in connection with this motion, I should like to have some explanation from the Government regarding certain statements, Sir, there used to appear in the Administration Report of the Railway Department certain statements until two or three years ago. One of the statements which used to find a place in the old Reports told us how much profit Government made on the third class railway passengers, how much profit or loss on second class passengers, and how much profit or loss they made on first class passengers. That statement, Sir, has been omitted for the last two or three years. I had asked questions on this matter as to why Government omit these statistics. I know they were somewhat inconvenient. The figures practically had shown that the Government used to make losses in the first class traffic and still they continued that traffic. But that is not at all a good reason for omitting statistics from Government publications. The second reason given was that it is very difficult for Government to find out how much profit or loss they make on the third class traffic and that the statistics which they used to give were not quite correct. I do not know why Government should have taken such a long time to discover that the statistics which they used to publish year after year were not correct, and all of a sudden, when Members began to ask questions frequently, they found out that those statistics were incorrect. If the old statistics are incorrect, I want to tell the Government that, as they propose to appoint some statisticians in their department to give correct statistics, the first thing that they should ask them to do is to find out a method of correctly estimating the profit and loss from each class of traffic, and, if Government adopt my suggestion, those figures will be very useful to the Members of this House.

Sir, I also wish to speak about the details of the Budget. Honourable Members will find that the details which they gave in the year 1921-22 were not given in the next year, and these details are being gradually reduced instead of increased in volume. Sir, I am not one of those people who would ask questions and move Resolutions on very small matters. But I am very anxious that our railway administration should be conducted in the light of free criticism. Every detail should be available to the Members of this House for their criticism, and you must leave it to the discretion of the Members as to what details they should go into and whether it would be proper for them to take up the time of the House over small details, but the Railway Department must not continue to reduce the details from their Budget statement year after year, but they should move in the other direction and give more and more information to the public. Therefore, Sir, I insist that this motion should not be withdrawn. If the Honourable Mover desires, he may withdraw it, but still my own opinion is that he should not withdraw it.

**Mr. A. A. L. Parsons** (Financial Commissioner, Railways): Sir, I should like very briefly to reply to the points raised by my Honourable friend, Mr. Joshi. We have already in the Railway Board asked that statistics of third class passenger traffic should be prepared in such a way that Members will get, I do not say all, but most of the information for which they have been recently asking us in their questions. I have myself asked the Director of Statistics to go through all the questions put in this House, and I shall also tell him to go through the remarks made in this House to-day in order to see in what way we can meet the wishes of Honourable Members. And, as soon as we have got hold of some system by which we can get accurate statistics, we shall certainly give them to the House either in the Budget Statement or in the Railway Administration Report. I do not think I can say more at present. I cannot promise that we shall be able to give the House figures of the profits derived from particular classes of traffic, from the first, second and third class. As the Honourable Mr. Joshi himself recognised, the statistics that used to be given on that particular point were entirely inaccurate, and I cannot say at once that we shall be able to separate out the statistics of those classes of traffic in the way that the Honourable Mr. Joshi desires us to do. But, if in the course of the summer we are able to devise a method for doing so, we will certainly publish the statistics as soon as we get them.

**Mr. Gaya Prasad Singh** (Tirhut Division: Non-Muhammadan): Sir, now that the subject of Railway administration is under discussion, I should like to offer a few observations on the extremely unsatisfactory manner in which questions relating to railway administration are being treated by Government in this Assembly. I shall refer, Sir, to certain questions which I myself put on the 4th February last. This is the question:

"Has the attention of the Government been drawn to the "Searchlight" newspaper of Patna, dated the 14th December, 1923, in which the Resolutions passed at the Railway Passengers' Conference in the Sonapur fair on the 24th November, 1923, are published?"

Now, the answer which the Honourable Sir Charles Innes gave was "No". I beg to ask, Sir, was it difficult for Government to get hold of a copy of the "Searchlight" newspaper, which is an important paper in my province, and to supply the information?

A few days back, with regard to a supplementary question of mine on the subject of local Advisory Committees of the Bengal and North Western

[Mr. Gaya Prasad Singh.]

Railway the Honourable Sir Charles Innes told me that, if I do not read newspapers, he cannot help it. Now what has he got to say with regard to his own answers? I should like to suggest to the Honourable Sir Charles Innes that he should not plead ignorance in this House of what the outside public have got to say with regard to subjects under his control. There is another question which I asked him:

*"Inconveniences to Passengers on the Bengal and North-Western Railway."*

Is the Government aware that passengers travelling by, or utilizing the Bengal and North-Western Railway have generally to suffer from the following inconveniences:

- (a) habitual overcrowding of the third class carriages, and specially during fairs and festivals;
- (b) the dirty and insanitary condition of the lower class carriages;
- (c) want of proper lights in the carriages;
- (d) slow running of trains, and unnecessarily long stoppages at roadside stations;
- (e) want of drinking water at the stations; and absence of refreshment rooms for orthodox passengers even at important junction stations;
- (f) difficulty in securing reserved carriages from the Railway Authorities;
- (g) difficulty in obtaining wagons?

If the answer to the above be in the affirmative, what steps have been taken to remedy this state of affairs?"

Now, the only reply of the Honourable Sir Charles Innes is this:

"A Local Advisory Council has been established at the Bengal and North-Western Railway and the Government of India have no doubt that complaints of this kind will be discussed by the Agent with that Council."

I ask, is this a fair way of treating this Assembly with regard to important questions like these? (*The Honourable Sir Basil Blackett: "Yes."*) There was another question which I asked him:

"Will the Government be pleased to say what portions of the Bengal and North-Western Railway line are still unfenced? And will Government kindly state if it has issued orders, or proposes to issue orders, to have such portions of the line fenced?"

The reply is:

"The Government have no information on the subject."

The Honourable Sir Charles Innes is unblushingly pleading ignorance of the subject under his own control. And further he says:

"They have not issued, nor do they propose at present to issue, any orders to the Bengal and North-Western Railway Company in the matter."

Is this reply satisfactory, and is this reply honest? The Bengal and North-Western Railway seems to have some mysterious influence with the Government of this country as well as the Government at home. Whenever this kind of subject is brought to the notice of the Government, they try to shut off all inconvenient questions, and give evasive replies.

Now, Sir, there is another question:

"(a) Is the Government aware that the stations of the Bengal and North-Western Railway on the Hajipore and Katihar section of the line (i) have not been provided with high-level platforms, thus causing considerable inconvenience to passengers, specially females and children; (ii) have no first and second class waiting rooms?"

(b) If the answer to the above be in the affirmative, will the Government be pleased to state if it is prepared to remedy this state of affairs by providing high-level platforms, and waiting rooms?"

The reply of the Honourable Sir Charles Innes to the first part of the question is as follows:

"The reply is in the negative."

That is, the Government say that they do not know whether high-level platforms have been provided or not nor would they take steps to ascertain the facts in the public interest. Then, in reply to the second part of the question, he says:

"The policy of Government is to leave it to the discretion of Railway Administrations to provide high-level platforms and first and second class waiting rooms at stations where the passenger traffic justifies their provision."

I ask, Sir, is this policy of drift a satisfactory state of things? (*Cries of "Yes" and Laughter.*) If the Honourable Sir Charles Innes says that this is a satisfactory state of affairs, I have nothing more to say. But, if he will look more carefully into the question himself, he will admit, that he is not treating the Assembly with due consideration. He must remember that this Assembly is quite different from the Assembly he has hitherto been accustomed to. (*Laughter.*)

Now, Sir, there is a proposal to make a change in the system of Railway budgeting. They want a separation of Railway accounts from the General Budget. I have no intention, of speaking at this time with regard to that proposal. But, I will not submit to any proposal which is likely to result in lessening whatever little control this Assembly possesses over the Railway Administration. In an official book, which is called "India in 1922-23" this is what Professor Rushbrook-Williams says, with regard to the question of separation: I will just read a passage, I do not know whether I am in order or not:

"These proposals were first considered by a sub-committee consisting of Members of both Houses of the Indian Legislature and afterwards by the Legislative Assembly. The committee came to the conclusion that the question of separating railway finance on the lines laid down by the Acworth Committee was outside the domain of practical politics in the existing condition of India."

And I will leave it at that. Another matter to which I should like to invite the attention of this Assembly is the racial discrimination in the railway services. I am not referring to the Indianisation of the Railway Services. Sir, I must tell you at once, or I shall be ruled out of order just as my friend, Colonel Gidney, has been, that I refer, to carriages being labelled "for Anglo-Indians only."

**The Honourable Sir Charles Innes:** May I rise to a point of order, Sir. I should like to ask for your ruling as to whether racial discrimination has got anything to do with the question of the form in which this Budget should be put before this House.

**Mr. President:** I think the Honourable Member is not in order. I was waiting to see what he was going to say.

**Mr. Gaya Prasad Singh:** I am not referring to that, Sir, at all. The most objectionable feature in the Railway Administration is the lack of control at headquarters, and the result is that Railways have been going on in their own merry way. Whatever complaints we may like to make, whenever we approach the Government, they plead ignorance; and I submit, Sir, that this Assembly will not be justified in agreeing to this Demand unless some guarantee is forthcoming on behalf of the Government that these matters of the public will be carefully and speedily looked into.

**Mr. K. G. Lohokare** (Bombay Central Division: Non-Muhammadan Rural): I have only one small point to put before the House at this stage. I wish to discuss the question of the methods of the Railway Administration to tax the third-class passengers indirectly in some other way.

[Mr. K. G. Lohokare.]

I am not sure that the Railways are entitled to get this sort of income from the vendors of food supplies on railway platforms. Everybody knows that at railway stations an ordinary article of food sells at 8 times its usual price in the bazaar. These people have to pay a license fee amounting to thousands of rupees at almost each and every station. This money, therefore, comes from the pockets of the large mass of passengers who travel third class. This is clearly the fault of the Administration. It is another method of taxation in addition to railway fares that the Railway Administration throughout India has been charging. I put in a question in this connection asking for an inquiry into the amount that the Railway Administration collects throughout India. I was told here that the Government do not propose to enter into this question. I doubt whether legally railway companies can add to their income in this way from third-class passengers. The freight rates have already been increased. They have been allowed in many cases the maximum that is laid down under the rules of the Railway Act. And this is an indirect taxation that they have been allowed. I do not know whether we should be justified to allow this sort of taxation. I do not know, at the same time, whether the money that they collect from these refreshment rooms as well as from these vendors can be utilised for some other purpose. If you look at the food stalls even at district stations on the Railways, you will find that they consist simply of ordinary tables covered with any dirty material.

The Railway takes thousands of rupees from these vendors. They are not even provided with accommodation. They have not even covers for the tables; they have not even good tables; there is not even a water tap near by. All these things add to the insanitary supply of food to the railway passengers. The Administration has been taking thousands of rupees from these people. I do not know whether it is legal. I wanted to know whether the Government justify it, and yet, I have been told in this Assembly at question time that Government do not propose to enter into all these details. This is the only point I want to raise, as others have been already raised by other speakers.

**Mr. President:** The question is:

"That the provision for Working Expenses under the head 'Railways' be reduced by Rs. 100."

The motion was negatived.

**Mr. B. Venkatapatiraju** (Ganjam *cum* Vizagapatam: Non-Muhammaddan Rural): Sir, I beg to move a substantial reduction under the head 'Railways' by asking:

"That the demand under the head 'Railways' be reduced by rupees two crores."

Sir, I do not propose to enter into details about how the two crores are to be arrived at, because I do not place this demand on any detailed working basis, but I want to put pressure on the persons in charge of Railways by a lump reduction to secure the reduction of expenditure. With that object in view, Sir, I propose to move a lump reduction of two crores.

**The Honourable Sir Malcolm Hailey** (Home Member): Why not four?

**The Honourable Mr. A. C. Chatterjee:** Why not twenty?

**Mr. B. Venkatapatiraju:** Sir Malcolm Hailey and the Honourable Mr. Chatterjee ask, "Why not more?" My answer is, because we are temperate.

**The Honourable Sir Malcolm Hailey:** Why not less, then?

**Mr. Devaki Prasad Sinha** (Chota Nagpur Division: Non-Muhammadan): Because they are just.

**Mr. B. Venkatapatiraju:** After all, it does not require very much argument to support my statement when I state that the original Budget presented by Sir Charles Innes, itself gives additional support to my argument. He himself put in the figure of Rs. 64,83 lakhs under Working Expenses provided the proposed system of separation of Railway from general finance was adopted. But because it was not immediately accepted by this House . . . .

**Mr. President:** The Honourable Member is now re-opening the whole subject which has already been debated. I called on the Honourable Member because I assumed his ingenuity was such that he had discovered a new subject hitherto undebated. I gather that he has not.

**Mr. B. Venkatapatiraju:** You will see presently, Sir, that I have discovered a new subject. I want to show that the present Budget should be reduced by 2 crores, and the easiest way of doing it is to reduce it under the head of Working Expenses, and in order to reduce it under Working Expenses I mentioned a matter which the Honourable the President states has already been debated. I only wish to say that the amount for Working Expenses originally suggested was only Rs. 64 crores 83 lakhs. What was taken as a reserve, they now under the new system want to tack on under Working Expenses. Under the proposed system, the Working Expenses come to Rs. 67,71,60,000. After mentioning various methods of reducing Railway expenditure, the Incheape Committee recommended in their final conclusion that steps should be taken to curtail working expenses to ensure that under normal conditions an average return of at least 5½ per cent. on the capital invested by the State Railways is obtained.

**Mr. President:** This is precisely the subject we debated yesterday. Unless the Honourable Member can state now, in one sentence, the new subject which has not already been debated, I cannot allow him to go on.

**Mr. B. Venkatapatiraju:** Sir, I am not satisfied with the amount asked for in this Budget. I want that it should be reduced by 2 crores, because, according to my view, there are many ways in which it could be curtailed, if only the Government have a mind to do it. We have to consider some time in September how best to place the whole railway administration under a proper system. In order to give a proper basis for working it out, I would suggest that it is far better, instead, as proposed by Government, of keeping Rs. 1,33 lakhs under reserve and reducing it under working expenses, to reduce it by 2 crores, so that, we can see whether it is not possible for the authorities to run the work of the administration so as to give not only 5½ per cent. on the capital outlay as recommended by the Incheape Committee, but also help us to see whether we cannot once for all separate the finances and leave the railway finance in the hands of Sir Charles Innes and the Honourable Mr. Hindley.

**Mr. President:** If I allow the Honourable Member to go on, I shall have to allow the Honourable Member on the Government bench to repeat the speech which he made yesterday. I cannot allow that. The Honourable Member must now address himself to a subject hitherto undebated. Otherwise, I shall ask him to resume his seat.

**Mr. B. Venkatapatiraju:** As the whole subject has been discussed, as we are not satisfied with the present demand for 67 crores, and as I cannot give any reason which was not touched upon by one Member or other either in my presence or in my absence, I cannot undertake any such task, and therefore, without incurring the possible displeasure of the President, I say I want a reduction of 2 crores, and no reasons are needed in favour of this motion, because it is patent that no better reason can be given except the one I now mention, namely, that the whole country is dissatisfied with the present administration on one of several grounds, that is, that you have increased the freight rates by 6 crores and you have increased passenger fares by another 6 crores, and there is absolutely no prospect of reduction either in freight charges or in the passenger fares. In addition, we were making large profits prior to the war, and there is no prospect of making such profits now. In these circumstances, every possible pressure ought to be brought upon the authorities to manage our administration in such a way as to bring it to a proper level. I may mention—I do not know whether any other person has urged this ground—I may mention with reference to the question of annuities—I do not know whether any other person has referred to it before because I was not present when . . . . .

**The Honourable Sir Malcolm Hailey:** Annuities come under a separate head.

**Mr. B. Venkatapatiraju:** Then I do not refer to the annuities at all. The Government of India have adopted the mistaken procedure of taking the taxpayer's money to the extent of Rs. 60 crores without putting it under working expenses and recovering to general revenues or putting it as capital charge, but the taxpayers are obliged all the same to pay not less than Rs. 60 crores from the general revenues. In order to scrutinise all these things it is absolutely necessary that we should go into the whole administration, but for my present purposes it will be enough if a lump reduction of Rs. 2 crores is made. If any additional amount is considered necessary by the Government of India for its working expenses, they will have to come before the House and satisfy it that they cannot get on with the administration without more funds. For the present I shall be satisfied with a reduction of Rs. 2 crores.

**The Honourable Sir Charles Innes:** I listened very attentively to the Honourable Member's speech and the only reason I could find which he gave for this large reduction was this. He said that the whole country was exasperated with the maladministration of the railways. When he proposes a reduction of Rs. 2 crores the House will see that he gives no indication as to how that reduction is to be made, but merely suggests that the House will pass a vote of censure on the administration of the railways. It is very difficult for me to reply to a motion of that kind without covering the ground which I tried to cover yesterday. But, Sir, I should like to say in justice to the officers who are working under me, I should like to say something in defence of the Railway Board. I think that we can claim with justice that during the past year the Railway Board has made more advance towards a vigorous policy of railway administration and towards efficiency of railway administration than in any other period of its history. I claim no credit for that myself. The credit is entirely due partly to Mr. Hindley, the Chief Commissioner for Railways, and partly to Mr. Sim, the Financial Commissioner. These two officers, between them during the past year have been overhauling every branch

of the railway administration. All the programmes of the railway administrations have been revised in the light of the recommendations of the Incharge Committee's report. We have now laid down definite standards, as stated in the Memorandum, by which all proposals for increase in rolling stock and all proposals for renewals have now to be justified. We are exercising a far tighter control over all estimates and over all projects which involve expenditure. As Mr. Hindley told us yesterday, we have started a system of scientific statistics which will enable the Railway Board and its technical staff to watch and check extravagance in any Railway or in any branch of the railway working. Mr. Sim personally went into the whole question of the stores balances with the stores officers of each railway. We have reduced the stores balances by several crores of rupees. The whole question of the amount of compensation for claims has again been gone into by Mr. Sim and Mr. Hindley with different railway officers, and we have reduced the provision by something like Rs. 50 lakhs of rupees. The whole question of a depreciation fund has been examined in consultation with the railway administrations and proposals are being elaborated which will form a proper basis for a solution of that question. The report on the separation of Railway from General finance has already been in the hands of Members. I doubt very much whether Members of this House realise what enormous work that Resolution of mine threw upon the Government of India and what an enormous amount of thought it represents. Whether or not this House accepts those proposals I should like them to realise that they are the result of very hard work and very hard thinking on the part of Mr. Hindley, Mr. Sim and other officers of the Railway Board.

Then, Sir, for the first time for many years we have gone in for a vigorous policy of new construction. We have started with the lines which are shown in the Memorandum. We have made a very great advance in new construction and in other ways. I can only indicate the lines on which we are working because our proposals have not yet been accepted by the Government of India. There are many lines which cannot be justified on commercial grounds and which the Railway Board therefore cannot take up at any rate at present, but those lines may be required for administrative and other reasons. I give one example, the Shoranur-Nilambur line, which is a line very much desired by the Madras Government in order to pacify what is known as the fanatic Moplah zone. The Madras Government is very anxious to drive a railway through that zone in order to civilise it, so to speak. We have arrived at an arrangement with the Madras Government by which we will build the line for them provided they guarantee us interest on the amount. It seems to me that that opens a very hopeful field for the future and that we should be able by following up that method to extend very rapidly and very largely our railway communications throughout India.

Now, Sir, those are the lines on which we have worked last year. It has resulted in what? The credit we get for that is that Mr. Raju moves a reduction of Rs. 2 crores out of the Railway Budget merely to show that this House expresses its disappointment at the work that we have been doing at the Railway Board during the last year. I think it illustrates what I said yesterday, that many members of the Indian public have an actual animus against the Indian Railways. They do not realise that the Railways are their own property and that it is to the interest of India and this House that these railways should be run as efficiently as possible. I should like Mr. Venkatapatiraju and other Members to realise that Mr. Hindley, myself, and Mr. Parsons are trying to do the

[Sir Charles Innes.]

best we can for Indian Railways because it is our job, that is what we exist for. We have no desire to burk discussion, no desire to conceal anything, and we desire to run these railways as well as we can. We put you up the fairest possible estimates we can. We are concealing nothing in these estimates. We have not inflated them. They are not faked estimates, but they are fair estimates of the amount of money we think is necessary to run the railways next year, and I do not think that it is treating this House with due respect for an Honourable Member to get up and propose that Rs. 2 crores should be taken off that estimate in order merely that the House may show its disapprobation of me and of the Railway Board. It is not fair to their own railways.

**Pandit Madan Mohan Malaviya** (Allahabad and Jhansi Divisions: Non-Muhammadian Rural): Will you kindly explain how the Rs. 188 lakhs will be disposed of?

**Mr. A. Rangaswami Iyengar** (Tanjore *cum* Trichinopoly: Non-Muhammadian Rural): Sir, you desired us to bring some new point with regard to which we could have some explanation or other from the Treasury Benches and I rise here simply to give one new point which it appears to me ought to be explained either by the Member for Railways or by the Finance Member, I do not know which. Honourable Members will find from page 42 of the Detailed Estimates and Demands for Grants that a sum of Rs. 125 lakhs is entered as annuities in purchase of Railways (capital portion), and in the footnote thereunto it is put down:

"These were hitherto charged to Railway Revenue but in consequence of the separation of the Railway Finance from the General Finance they are taken directly as a charge against Central Revenues with effect from 1924-25."

I find, Sir, that the amount paid out of the Indian Railways as annuities is split into two. One is put under the head of Interest which becomes non-votable.

**The Honourable Sir Basil Blackett** (Finance Member): I rise to a point of order. This provision comes at present under the head of Interest on ordinary Debt and reduction or Avoidance of Debt. I should be quite willing to discuss it either now or later, but I would ask if it will not be more convenient to discuss it in connection with the general question of Reduction or Avoidance of Debt.

**Mr. A. Rangaswami Iyengar**: It is entirely for the Chair to decide it. I have no objection provided the discussion is allowed at some stage.

**The Honourable Sir Malcolm Hailey**: There is Diwan Bahadur Ramachandra Rao's motion, No. 66 on the paper.

**Mr. A. Rangaswami Iyengar**: That is only in respect of some items which are votable. I am raising the question whether this sum should not have been shown under the head voted instead of non-voted. I want to raise that question of constitution.

**Mr. President**: The Honourable Member is referring to Demand No. 18?

**Mr. A. Rangaswami Iyengar**: Yes, page 42.

**Mr. President**: I think the Honourable Member had better reserve his remarks till we come to Interest on Ordinary Debt, and as pointed out, there is actually a motion for the omission of that item.

**Mr. A. Rangaswami Iyengar:** That item deals with only about Rs. 20 lakhs. I am raising the question that these Rs. 125 lakhs should have been votable.

**Mr. President:** We shall discuss that when we come to that head.

**Mr. K. Rama Aiyangar:** In connection with this motion I do not want to repeat what happened yesterday, Sir, but to mention that I withdrew two Resolutions when you were not in the Chair and it was occupied by one of the Chairmen, I mean 32 and 33, mainly for the reason that, because these were appearing under particular heads, it would be very inconvenient for the Department to cut out such large figures, and for that reason I did not move them. I proposed certain drastic cuts which must be made in the long run. I am of the same opinion now, but whatever it is, so far as these two crores are concerned, I want to point out that it is an ordinary amount which should be allowed to be cut. In fact the Honourable Sir Charles Innes told us that considerable gains are being taken by the Railway Board, as it is now constituted to see, that everything is put on a sound basis. I do not want to quarrel with that statement because I am satisfied that they are taking considerable steps, but whatever it is, with all the steps that the Honourable Sir Charles Innes talks of, when he has made provision for programme revenue which they could spend, the expenditure under other heads has gone up by 6 crores, that is from 64 crores at which the Retrenchment Committee left it in the previous year it is now 70 crores and in that connection the views of the Honourable Mr. Hindley have been referred to at page 65 of the Incheape Committee's Report where they say:

"It was represented to us by one of the Agents that a considerable portion of the expenditure on his railway was for renewals which were in his opinion absolutely unnecessary and that 60 miles of line to be renewed in 1923-24 and a similar mileage in 1924-25 could easily be strengthened at about one-third of the cost to last a further 15 or 20 years. On the other hand, (here is the Honourable Mr. Hindley's opinion) the Chief Commissioner stated that the renewals were part of a programme framed with a view to avoiding the necessity of having to renew an unduly large portion of the line in any one year which would mean a large financial outlay and considerable interference with traffic working. We consider that the control exercised by the Railway Board should ensure that adequate financial provision is made for renewals and that it is not a proper function of the Board to insist on expenditure against the advice of the Manager and Engineer. In the particular instance quoted the additional expenditure involved would be borne by the State out of money raised at over 6 per cent. in order to avoid, 15 or 20 years hence, a possible delay in traffic which in the opinion of those responsible would never arise."

That is the policy that has been enunciated by the Chief Commissioner before the Committee, which they condemned absolutely. The high standard of efficiency which Sir Charles Innes now talks of simply proceeds on some such basis. Otherwise we cannot see when there is programme revenue in excess of what is wanted and when the capital expenditure is 80 crores of which 6 crores is also reserved by them without being allotted to any particular purpose, why they should add to the ordinary working expenses another 6 crores within the next year of this Report when it is almost conceded that full effect of the cut made under the report has not yet been obtained. I submit that the question is not so easily disposed of. It was suggested yesterday that the amount was provided for some reorganisation, if I understand it correctly. The reorganisation is a question which they may not do behind the Assembly but certainly any large expenditure on reorganisation must be put before the Assembly. I support the amendment, Sir, and I think this is an ordinary cut which must be made so that any change of policy is brought before this Assembly before it is started.

**Mr. President:** The question is:

"That the demand under the head 'Railways' be reduced by two crores."

The Assembly divided:

AYES—56.

Abdul Karim, Khwaja.  
Acharya, Mr. M. K.  
Aiyangar, Mr. C. Duraiswami.  
Aiyangar, Mr. K. Rama.  
Aney, Mr. M. S.  
Asjad-ul-lah, Maulvi Miyan.  
Bevi, Mr. D. V.  
Bhat, Mr. K. Sadasiva.  
Chaman Lal, Mr.  
Chanda, Mr. Kamini Kumar.  
Das, Mr. Bhubanananda  
Das, Mr. Nilakantha  
Dutt, Mr. Amar Nath.  
Goswami, Mr. T. C.  
Gulab Singh, Sardar.  
Hans Raj, Lala.  
Hari Prasad Lal, Rai.  
Iyengar, Mr. A. Rangaswami.  
Kartar Singn. Sardar.  
Kazim Ali, Mr. M.  
Kelkar, Mr. N. C.  
Kidwai, Shaikh Mushir Hosain.  
Kun. Maung.  
Lohokare, Mr. K. G.  
Malaviya, Pandit Krishna Kant  
Malaviya, Pandit Madan Mohar.  
Mehta, Mr. Jamnadas M.  
Misra, Mr. Shambhu Dayal.  
Misra, Pandit Harkaran Nath.

Murtuza Sahib Bahadur, Maulvi Sayad.  
Mutauk, Sadar V. N.  
Nambiyar, Mr. K. K.  
Narayandas, Mr.  
Nehru, Dr. Kisenlal.  
Nehru, Pandit Motilal.  
Nehru, Pandit Shamlal.  
Neogy, Mr. K. C.  
Patel, Mr. V. J.  
Phookun, Mr. Tarun Ram.  
Piyare Lal, Lala.  
Ramachandra Rao, Diwan Bahadur M.  
Ranga Iyer, Mr. C. S.  
Ray, Mr. Kumar Sankar.  
Reddi, Mr. K. Venkataraman.  
Roy, Mr. Bhabendra Chandra.  
Samiullah Khan, Mr. M.  
Sarfaraz Hussain Khan, Khan Bahadur.  
Shafee, Maulvi Muhammad Singh, Mr. Gava Prasad.  
Sinha, Mr. Ambika Prasad.  
Sinha, Mr. Devaki Prasad.  
Sinha, Kumar Ganganand.  
Svamacharan, Mr.  
Venkatanataraju, Mr. B.  
Yakub, Maulvi Muhammad.  
Yusuf Imam, Mr. M.

NOES—58.

Abdul Qaiyum, Nawab Sir Sahibzada.  
Abul Kasem, Maulvi.  
Ahmed, Mr. K.  
Aiyar, Mr. A. V. V.  
Aiyer, Sir P. S. Sivaswamy.  
Ajab Khan, Captain.  
Akram Hussain, Prince A. M. M.  
Alimuzzaman Chowdhry, Mr.  
Allen, Mr. B. C.  
Ariff, Mr. Yacoob C.  
Bahawal Baksh, Chaudhri.  
Bell, Mr. R. D.  
Blackett, The Honourable Sir Basil.  
Burdon, Mr. E.  
Butler, Mr. M. S. D.  
Calvert, Mr. H.  
Chatterjee, The Honourable Mr. A. C.  
Clarke, Mr. G. R.  
Cocke, Mr. H. G.  
Dalal, Sardar B. A.  
Dunk, Mr. H. R.  
Faridoonji, Mr. R.  
Fleming, Mr. E. G.  
Fraser, Sir Gordon.  
Ghulam Abbas, Savyad.  
Ghulam Bari, Khan Sahib  
Gidney, Lieut.-Col. H. A. J.  
Govr. Dr. H. S.  
Hailow, The Honourable Sir Malcolm.  
Hindley, Mr. C. D. M.

Howell, Mr. E. B.  
Hyder, Dr. L. K.  
Innes, The Honourable Sir Charles.  
Joshi, Mr. N. M.  
Kasturbhai Lalbhai, Mr.  
Lindsay, Mr. Darcy  
Lloyd, Mr. A. H.  
Mahmood Schamnad Sahib Bahadur, Mr.  
Maken, Mr. M. E.  
Moir, Mr. T. E.  
Moncrieff Smith, Sir Henry.  
Muhammad Ismail, Khan Bahadur Saiyid.  
Nag, Mr. G. C.  
O'Malley, Mr. L. S. S.  
Owens, Lieut.-Colonel F. C.  
Pal, Mr. Bipin Chandra.  
Parsons, Mr. A. A. L.  
Percival, Mr. P. E.  
Purshotamdas Thakurdas, Sir.  
Rajan Bekhsh Shah, Mukhdum Syed.  
Rhodes, Sir Campbell.  
Roy, Mr. K. C.  
Serda, Rai Sahib M. Harbilas.  
Setalvad, Sir Chimanlal.  
Singh, Rai Bahadur S. N.  
Stanvon, Colonel Sir Henry.  
Turing, Mr. J. M.  
Willson, Mr. W. S. J.

The motion was negatived.

**Mr. Bhubanananda Das** (Orissa Division: Non-Muhammadan): I beg to move:

"That the demand under the head 'Railways' (page 37) be reduced by Rs. 1,00,000."

Sir, the Railway Board brought a proposition before the Standing Finance Committee asking us to sanction, for the expansion of the Railway Board, Rs. 1,50,000. This has been sanctioned, as will be seen in the report of the Standing Finance Committee, page 10. I informed Mr. Hindley at the time that I would bring this subject before this House and point out that the recommendations of the Acworth Committee had not been carried out. The Acworth Committee made various recommendations, one of which was that there should be a Member of Communications in the Government of India. This Member of Communications was to be in charge of Railways, Inland Navigation, Posts and Telegraphs. I find that the Government of India have not given effect to this recommendation so far. Last year the Government of India had a chance to split the Department of Industries and Commerce under two Members. Last year there was one Member for Industries and Commerce; this year we have got two Members, one for Commerce and the other for Industries and Labour. The Government of India should give effect to the recommendation of the Acworth Committee by giving the portfolio of Member of Communications to one of these Members. That is one point which has not been carried out.

The other recommendation of the Acworth Committee was that the Railway Board should come into closer touch with public opinion through the Assembly, and that this Assembly should have better control over the functions of the Railway Board and the Railway Administration. The Acworth Committee recommended that there should be 25 members for the Central Advisory Council and that they should be elected. But they have not been elected so far, they have been nominated by the Government of India. On this matter I asked a few questions in this House on the 10th of March, and my questions were:

- (a) What are the powers of the Central Railway Advisory Council?
- (b) When is their advice sought?
- (c) Is their advice binding on the Government?
- (d) Are they merely advising or can they control the action of the Railway Board?
- (e) Have they any power to initiate schemes or proposals?

And I asked another question at the time:

"Will Government be pleased to state why the recommendations of the Acworth Committee regarding the Central Advisory Committee for the Railway Board were ignored as that Committee clearly specified that such a body shall be elected and not nominated?"

To that the Honourable Sir Charles Innes replied and referred me to the Railway Department Resolution No. 1194 F. of the 10th March 1922 published in the Gazette of India, dated 18th March 1922. I join with my friend Mr. Gaya Prasad Sinha when he said that, whenever we ask for any information from the Member in charge of the Railway Department, we get very little information and such evasive answers are given. Of course I had to search in the archives of the Government of India here and unearth a copy of the Gazette referred to, and I found in 1922.

[Mr. Bhubanananda Das.]

in the period referred to, there was a Committee and a Resolution was passed, which says regarding the formation of Advisory Councils:

"Some time must necessarily elapse before this question can be definitely settled, but in the meantime the Governor General in Council accepts the recommendation that a Central Advisory Council should be established and proposes to give effect to this recommendation at once."

Well, two years have passed since March 1922, and Government are still undecided whether there is to be a Member of Communications in charge of the Departments, as mentioned in the recommendations of the Acworth Committee, and Government are still undecided whether the Central Advisory Council shall be elected and not nominated. At the Standing Finance Committee we asked Mr. Hindley whether the proposition that was put before us was referred to the Central Advisory Council. Fortunately, one gentleman who belonged to that Council was with us in the Standing Finance Committee, but owing to the peculiar and delicate position he occupied, he had to keep silent over the matter. Mr. Hindley replied that Government would consider whether the Memorandum was to be placed before the Central Advisory Council. That is the kind of reference that is made to the Central Advisory Council, and that is the kind of control that this Legislature is going to exercise through the Central Advisory Council. I therefore submit that of the Rs. 1,50,000 which has been sanctioned by the Standing Finance Committee, one lakh may be withheld till the Member in charge of the Railway Department and the Chief Commissioner of the Railway Board do fulfil the recommendations of the Acworth Committee, and we want this to be done for various reasons. The Legislature want that the Railway Administration should be controlled from this House, but if the Railway Board gets more and more power without submitting to the opinions of this House, then it will only create vested interests, an enlarged vested interest within that great vested interest, the Government of India.

Various speakers on other items of the railway administration have discussed Indianisation and other problems, but I will refer to one thing, that is, the question of the steel industry. Well, the Tata Iron and Steel Works did well during the war time and supplied rails with which the Government were able to built railways in Egypt, Syria and other places. When Lord Chelmsford visited Jamshedpur he promised that the Indian steel industry would receive better consideration. I think as early as March 1922 the Tata Iron and Steel Company applied for some assistance from the Government, and at that time it was assured that relief was to be given. Well the war is over, Government do not require any more Indian steel, they can buy steel from any market in the world. Why should they encourage Indian steel industry? There are many firms in India which are manufacturing railway wagons. They are also manufacturing locomotives . . . . .

**The Honourable Sir Charles Innes:** I rise to a point of order. I should like your ruling whether this particular question was not discussed in connection with Sir Purshotamdas Thakurdas's recommendation to reduce the demand by Rs. 25 lakhs. On that point we discussed the whole question of purchasing stores in India.

**Mr. President:** That is so. The Honourable Member had better confine himself to the subject originally raised.

**Mr. Bhubanananda Das:** I will pass over it, but I will say that tenders for locomotives are not being asked for in India, and, if this House controls the action of the Railway Board, this House will compel the Railway Board to make its purchases in India so that the Indian industries get a chance.

To the question of Indianisation I need not refer. My friend Sir Purshotamdas Thakurdas, who is the Member of this Assembly for the Indian Merchants' Chamber and of whom I happen to be an elector, being a member of that body, and also to be a colleague in the Council of the Indian Merchants' Chamber, has already fully dealt with this matter. Let me take this first opportunity on the floor of this House to express my high appreciation of his work here and the way he has discharged his work as the representative of the Indian Commercial community in this House. We have listened to his speech on the general Budget debate and to his speech on this. He has discharged his duty with great ability and Indian commercial India ought to be proud of him for the way he has presented our case. I need not refer to the remarks he made regarding railway administration; but I believe there should be more control on the action of the Railway Board. I do not believe in decentralisation of railway administration, but I believe in centralisation. At the same time I believe in the standardisation of the functions which are performed by various departments of the Railway Administration. We cannot give effect to this unless the people's representatives who are in this House, control the action of the Railway Board and guide it with their advice. I will not touch again on the Tata Steel Works, but I hope the Honourable Sir Charles Innes will see his way to give more and more patronage to the Indian Stores Department, so that things may be purchased through them and in India. As a representative of Orissa I am more concerned with the fostering of this Indian steel industry because thousands of my countrymen work there as labourers, clerks and artisans.

Passing to another subject, I hope the Honourable Member in charge of the Railway Board will see his way not to give effect to the expansion of the Railway Board till he carries out the other recommendations of the Acworth Committee. So far as the Advisory Committees are concerned, why should they be advisory? How can we control the action of the Railway Board from the House? We do not want the Advisory Committee to be just like Honorary Magistrates or Justices of the Peace of big cities. What we want is actually to control the work of the Board and surely the representatives of the different Chambers of Commerce, Merchants Chambers, etc., are well informed enough on a subject like this and they could easily control the action of any experts, engineering experts, financial experts or any others. In my speech I do not say any word against any scheme that has been put forward by Mr. Hindley. I told him in the Standing Finance Committee and I take this opportunity to mention in this House that in certain respects it is an improvement on the recommendations of the Acworth Committee in their proposition over the establishment of a Railway Board. The scheme is good but we wish to have effective control from this House and until you give effect to that we will press for this reduction.

**The Honourable Sir Charles Innes:** Sir, I do not propose to follow the Honourable Member in his discussion of the Indian steel industry. Nor do I propose to follow him into the theory he propounded that the right

[Sir Charles Innes.]

policy was not decentralisation but centralisation. I think Sir Purshotamdas Thakurdas, who was a member of the Inchcape Committee, will remember, as I do, that the Inchcape Committee made a very strong case in favour of decentralisation from the Railway Board to Agents. I propose to address myself strictly to the two points of criticism on which the Honourable Member has based his motion for a reduction.

He has based that motion on the ground that in our proposal for the reorganisation of the Railway Board we have not strictly carried out the recommendations of the Acworth Committee. He first states that the recommendation of the Acworth Committee was that a Member of Communications should be appointed dealing with Railways, Ports, Posts and Telegraphs. He represents that that recommendation is not being carried out. Well, Sir, I am afraid that I can only say that it rests with the Governor General himself to decide how the subjects should be distributed among the various members of his Council. The actual distribution of the portfolios of the different Members of Council is now what His Excellency decided it should be this time last year after the most careful consideration of the Inchcape Committee's report. But I think most people agree that there is no essential communication between Posts and Telegraphs and between Railways and Ports and Commerce. At present I deal with Railways, Commerce and Ports, and Mr. Chatterjee deals with Industries, Posts and Telegraphs. It is a mere matter of opinion which is the better distribution, and His Excellency has decided on the way in which the portfolios now are distributed.

A more important point raised by the Honourable Member is that we have not carried out the recommendation of the Acworth Committee in regard to what is now called the Central Advisory Council. The Acworth Committee suggested that a Central Advisory Council should be established after the model of the similar Council which existed in Germany and which has been established in Poland. I will give the constitution of the Polish Council. It consisted of representatives of various Ministries, representatives of the ten largest towns in Poland, 16 representatives of industrial and commercial associations, one representative of each railway directorate, 6 experts to be appointed by the Ministry of Railways and representatives of other Ministries at the invitation of the Ministry of Railways. We considered that recommendation very very carefully and we came to the conclusion that it would be impossible for us to put up side by side with the Indian Legislature a body of that kind. We thought that inevitably there would be friction between the Indian Legislature, on the one hand, and the Central Advisory Council, on the other hand. We recognised that it was essential that nothing should be done in any way derogating or detracting from the power exercised by the Indian Legislature over the Railway Administration and we definitely decided it would be very much better to appoint this Central Advisory Council from among the Members of the Indian Legislature itself. After all, in a huge country like India, where we have 37,000 miles of railway, and where distances are so great, the advantage of a Central Advisory Council is mainly to advise the Railway Board on matters of policy. The other questions, the local questions affecting traffic and so on, can much more suitably be dealt with by the local Advisory Councils which we have attached or are attaching to each railway. And that is definitely the reason why we turned down this recommendation of the Acworth Committee; and instead of that recommendation we appointed a Central Advisory Council appointed from the Members of the Indian Legislature.

The next point raised by the Honourable Member was that the Central Advisory Council is, as its name implies, merely an advisory council and does not control the Railway Board. The answer to that criticism is that the Acworth Committee in suggesting that a Central Advisory Council should be appointed, always contemplated that it should be purely an Advisory Council. As it is said in a report talking of Prussia, the Council have no powers but have had great power in the way of influencing the railway authorities. It had no power actually to impose its advice upon those authorities. It has also been a matter of criticism that the Central Advisory Council is not elected by the House. There again I definitely took my own line. I do not wish to see the Central Advisory Council for Railways as a sort of what I may call a shock absorber between myself and the House. I do not use it in order that I may go to the Central Advisory Council, get their advice on a particular project and then come to the House and say "Your own Council, elected from the Members of this House, has advised this and therefore it is not up to you to turn it down." We have in the Railway Department very difficult questions of business and policy to deal with and quite definitely the Government decided that the best plan would be to take for the members of our Central Advisory Council as many business men as we could get in this House and in the Council of State and to associate with these business men what I may call a layman element. That is exactly what we have done. We have on the Council practically all the business men in this House and the Council of State, and we have also other members who represent the layman element. We try to keep them from Assembly to Assembly. We have kept on the same members as we had during the life of the last Assembly because railway management and railway business is so difficult and so technical that we really thought it would be to the advantage of the Railways and of this House and of India generally that the members of the Central Advisory Council should remain on that Council as long as possible and should literally soak themselves in railway business. But we have not adopted this method with any idea of going behind this House, we have not formed the Central Advisory Council with any idea of evading the control of this House. We recognise that this House has got the right to control us in every possible way, but when we put before them proposals which have been examined and accepted by the Central Advisory Council, they will recognise that those proposals have been accepted by the business members of their own body. For the rest, Sir, I claim that the whole of our organization of the Railway Board, except in one matter of the distribution of work among the Members, follows most closely the recommendations of the Acworth Committee. We have added a Director of Civil Engineering, a Financial Commissioner, a Director of Mechanical Engineering and other Directors solely on the recommendation of the Acworth Committee. I hope, Sir, in view of this explanation, my Honourable friend will withdraw his motion.

**Mr. President:** The question is:

"That, the demand under the head 'Railways' be reduced by Rs. 1,00,000."

The motion was negatived.

**Mr. President:** The question is:

"That a reduced sum of Rs. 67,46,60,000 . . ."

**Mr. K. Rama Aiyangar:** There is one more motion, Sir, which by agreement we had reserved yesterday to be discussed to-day especially on the Budget Statement that was placed on the table the day before yesterday. I had sent a motion for reduction by one crore and 15 thousand. That was not taken up yesterday.

**Mr. President:** Is it the motion of which the Honourable Member gave notice yesterday?

**Mr. K. Rama Aiyangar:** Yes, Sir. The Honourable Sir Charles Innes suggested that it might be taken up separately.

**Mr. President:** Then we had better take it up after Lunch.

The Assembly then adjourned for Lunch till a Quarter to Three of the Clock.

The Assembly re-assembled after Lunch at a Quarter to Three of the Clock, Sir Chimanlal Setalvad in the Chair.

**Mr. K. Rama Aiyangar:** Sir, the motion that I have to place before the House runs as follows:

"That the Demand under the head 'Railways,—Working Expenses, Programme Revenue Expenditure,—be reduced by Rs. 1,15,00,000."

The original figure, when the Budget was circulated stood at Rs. 9,30,00,000. At present the amended Budget stands at Rs. 10,45,00,000. You will see this at page 4 of the amended Budget placed on the table. That is not the only alteration that is made there. There is another also. Under the head Operating Expenses other than Fuel, where you had Rs. 25,62,99,000, you have got Rs. 25,92,99,000. These two together make up a crore and 45 lakhs and reference to it is made in the Honourable the Finance Member's Financial Statement at the last page. You will see at page 222 there is a note at the bottom. It refers to Rs. 1,45,00,000 and reads:

"NOTE.—The figure for Working Expenses is 1,45,00,000 less under the proposed (separation) system than under the present system, because:

- (i) As an integral part of the proposed system the allocation of expenditure on renewals between Capital and Revenue will be revised; and with the revised allocation 1,15,00,000 is expected to be charged to Capital next year, which, under the present system, must be charged to Revenue.
- (ii) Under the present system 30 lakhs must be charged to Working Expenses next year, in order to write down to market prices the value of stores in stock, and to write off out of Revenue the loss involved in the sale of surplus and obsolete stores. Under the proposed (separation) system, this charge will be met from the Railway reserves.

It will be observed that this figure of 1,45,00,000 is the equivalent of (1) the increase of 11,52,000 in the contribution expected to be made from Railways to General revenues under the proposed (separation) system, and (2) the amount of 1,33,48,000 expected to be carried to Railway reserves."

This is the note, which is rather extraordinary in my view. Of course, I am not a financial expert and I must leave it to the financial experts to say if this is correct or not. But as an ordinary layman, however, I cannot comprehend it. It is very convenient for a Department to say: "Well I will treat 1,45 lakhs as money available with me if I choose. If I do not I will put it under another head and show it as expenditure." It amounts to that. It is almost a challenge, I should think. Of course, the Finance Member nods. I must abide by the nod, because he is a financial expert. But certainly I will not agree if the nod means that he is expected

to spend the money next year absolutely from the Budget. He may say: "Well, I will save under another head. Under Capital expenditure I will add one crore and 15 lakhs more as balance reserve with me for the disposal of unallocated expenditure." He will say that. But certainly the tax-payer will not agree to it. Nor is it so much that must be allowed for grace shown to us by the Finance Member or for the matter of that by the Railway Department. What I would like to point out is that this is not a new point raised. The Retrenchment Committee took exception to this procedure and at page 66 they observe:

"For example, in all cases of renewals the whole of the charges on account of freight of materials from depot to site and for loading and unloading of materials, etc., is debited to revenue. When old girders are replaced and heavier girders substituted the whole cost of re-erection is debited to revenue. The charge to capital for renewals of locomotives is based upon the tractive effort calculated on an empirical formula, which makes no allowance for the additional tractive effort obtained by means of super-heaters.

We recommend therefore that the present regulations be reviewed and revised as may be necessary to ensure a more equitable distribution of the expenditure on maintenance of way and works and on rolling stock."

There are also some other remarks in other places which together go to show that the allocation of expenditure between the revenue portion and the capital portion is not based on equitably correct principles. That means that the actual tax-payer is taxed more. It may be said that 2 crores more may be put under this head or conveniently taken to the other head. The line drawn between the two is so fine and thin that nobody can observe it, much more so the Honourable Members on this side of the House, who know not secrets of the whole matter. We know that in respect of banks such manipulations are made to a very large extent where it is necessary to show some amount of profit to the people under one head and show that they are not making profit under another head. We know these things to some extent because very recently Government have been kind enough to extend co-operative banks to many places and we have learnt at least some of the tricks of the trade more than other things. Whatever it is, I do not think that Honourable Members on the Government Benches are going to plead that this is justified, that they have not done it as per the terms of the suggestion made by the Retrenchment Committee, that the idea of separating the finances was taken up by them and that this view placed before them at this stage to induce a settlement. I know we have agreed to separation. We will be willing to do as we are advised to do when we are satisfied that it will be to the advantage of the country. As I have said, I have been strongly of opinion that effect should be given to this when it does not interfere in any way with the rights of the House but only when it assists the House and the country to expand the railway programme of extension and improvement. The point that I make is this. This 1.45 lakhs ought to be debited according to the revised regulations to capital and not to revenue. What is shown to us is, "You have got 1.45 lakhs here. If you agree to the separation and to the proposals that we make, we will keep it in reserve for the Railway Board to handle. If you do not agree to that course, we will put it under revenue expenditure and we will take away so much from the tax-payer's money." I should like to have a very strong explanation, an expert convincing explanation, to make me believe that that transfer is proper. Of this 1.45 lakhs,—the question has been discussed already and therefore I will not go into it except to mention that 30 lakhs is tried to be taken away to Stores. I am not able to convince myself that that allocation is right. The consequence is

3 P.M.

[Mr. K. Rama Aiyangar.]

that 1 crore and 15 lakhs are placed under expenses. I want to know whether, having put it under programme revenue, you are going to spend it. Will you say that you have spent it when we meet in September to discuss the whole programme? I should feel absolutely disappointed if you are immediately going to transfer it to that head and say in July or August when we meet, "Well, that money has gone; we will talk of the future." I refuse to be a party to any such agreement. I know that the Honourable the Finance Member raised a difficulty in connection with this matter and I made certain suggestions. They have not been approved of. This really goes to show that the whole proposal relating to that reserve should be left aside and that we should fight on other grounds. That seems to be the position. I am not able to understand it. I am a layman. But certainly I should not like that that should be the position that we are brought to by this allocation. Of course the question may be raised, "What about this 1 crore and 15 lakhs? What shall we say about it?" Say something which is financially proper and I have no objection. If you assure me that the money is safe and is available for revenues, I have no objection. But if you go further than that and say that it is absorbed, because we did not agree this morning or yesterday to have it treated as you desire, certainly I oppose you. I want a clear explanation of the position.

**Mr. Chairman:** Motion moved:

"That the grant under Railways be reduced by Rs. 1,15,00,000."

**Mr. A. A. L. Parsons** (Financial Commissioner, Railways): I am very glad, Sir, that you have allowed this motion to be moved. The point with which my Honourable friend chiefly dealt was raised yesterday by Mr. Rangaswami Iyengar, and I only did not reply to him yesterday, because we were then dealing with general administration, and I knew that these particular items of 115 lakhs under Working Expenses and 30 lakhs under Stores would be mentioned at a later stage. It was not because we in the Railway Board refuse to give the House further information as to the changes which have taken place in our Budget statements since the decision of the House last Saturday to postpone till next September the consideration of separation. And I am particularly glad that it is my Honourable friend Mr. Rama Aiyangar who has brought this motion, because I know he stands for sound railway finance. He told us yesterday that he did not propose to cut our programme revenue; he said, "I am agreeable that programme revenue should increase in order to get the additional facilities we all want." If, therefore, I can persuade him, as I hope to do, that this change is not a mere piece of financial jugglery, and that, if the House takes away this 115 or 145 lakhs, exactly the same evil consequences will follow as from any other cut in our programme revenue expenditure, I trust that he will withdraw his motion. The matter is a little technical. It is a question, as far as this 115 lakhs goes, of a revision of our present system of allocating charges between capital and revenue, a revision which we can carry out if our finances are separated and the Railway Board have a depreciation fund and a reserve, but a revision which we cannot carry out unless we have that depreciation fund and reserve. At present, under our existing system of allocation, if we replace, say, a locomotive by a newer and more powerful type we only charge to Capital such portion of the cost as represents the increased tractive power of the locomotive and we leave Revenue to bear the extra cost. As a result, Revenue bears the whole burden of any rise in prices and the Capital at charge of railways is quite different from the amount actually spent on the existing assets.

Had our finances been separated we should have adopted the proposal, which I think was made by the Inchcape Committee but which was coupled with the recommendation that our finances should be separated, that our allocation, instead of following the existing practice, should follow ordinary commercial practice, and that we should charge to revenue only the original cost of the article replaced. And since at present we cannot replace our assets except at a higher price than they originally cost, this alteration would have meant a considerable transfer, which we estimate next year at 115 lakhs of rupees, from revenue to capital. I must explain here that this proposed alteration only applies to State-managed railways. 115 lakhs of rupees is what we expected to relieve revenue of, and charge to capital, on State-managed railways. We could not take up the question immediately of applying any such system to Company-managed railways, because, as the House is aware, we are bound by the terms of our contracts with them; and we should also have to look very carefully into the question whether by making any such alteration we were not ourselves the losers.

Perhaps I can make this rather difficult question of allocation clearer if I give the House a definite example. I have got some actual figures worked out here. Let me take the example of a locomotive which cost Rs. 40,000 thirty or forty years ago, and now has to be replaced. For a locomotive of similar power we should have to pay now-a-days about Rs. 56,000, and if we purchase such a locomotive, one that is of similar power, the whole of the Rs. 56,000 would, according to our present practice, go to the charge of revenue. That is to say, the whole of the extra cost of Rs. 56,000 minus Rs. 40,000, that is, Rs. 16,000, would be borne by revenue. Actually, we should probably replace the locomotive by a more powerful type, say, one-third more powerful, and it would probably cost at present day prices about Rs. 84,000. But even then the only charge we should, in accordance with our present practice, make to capital would be the proportion of cost due to extra tractive power, namely, one-third of Rs. 84,000 or Rs. 28,000. The result will still be that Rs. 56,000 instead of Rs. 40,000 will be charged to revenue, revenue bearing all the extra cost due to a rise in prices. This item of Rs. 115 lakhs is made up of a mass of items of that description. Under separation, as I have said, we should adopt a system by which we should merely charge to revenue the original cost of the article replaced. But under separation the House will remember we propose to have a railway reserve and a depreciation fund. We should not be justified in relieving revenue at the expense of capital—we should not be justified in following commercial practice and charging to revenue merely the original cost of the article replaced—unless we also followed commercial practice and started a depreciation fund. That is really the sole explanation of this Rs. 115 lakhs.

I should further explain, in regard to the proposed depreciation fund, that when prices drop and we can replace our assets at a lower cost than that we now pay for them, we should, of course, relieve capital. But we cannot at the moment expect prices to drop in that way for a considerable number of years, since after all, the assets which we are replacing are generally those which were put into the line in the earlier part of this century and the later years of the nineteenth century.

The Honourable the Commerce Member has reminded me that Mr. Rama Aiyangar raised the question whether we were likely to spend this money before September. I can assure him straight off that we are not likely to do so. But in actual practice by having this Rs. 115 lakhs we shall not

[Mr. A. A. L. Parsons.]

be able to spend a penny more than we would have been able to spend had our finances been separated and our original separated Railway Budget been now before the House.

I should now like, Sir, if I may, to turn, though it is not exactly covered by the motion before the House, to the item of Rs. 30 lakhs for writing down the value of stores. Here there is really no difference, or at any rate only a terminological difference, between our original proposal under a separated budget and our proposals as they are before the House. With a separated budget we proposed to meet these Rs. 30 lakhs from revenue, and the head to which it was, I submit, correctly put was the Railway Reserve for which we ask for a grant of Rs. 138 lakhs. When the separation proposals were postponed, the Railway Reserve dropped out, and this Rs. 30 lakhs had therefore to be added to the grant for which we ask under Ordinary Expenses.

As I had not the opportunity earlier, I should like to explain now in reply to my Honourable friend, Sir Purshotamdas Thakurdas, how the necessity for this appropriation arises; how it has happened that there has been so large an accumulation of stores in stock that the difference in the prices at which we bought them and their value after the slump amounts to the Rs. 3 crores at which we at present estimate it. In the first place, I would explain that we have always to have a pretty substantial stock of stores for our railways as a whole. We have to indent a very considerable period in advance if we are to get stores out in time to carry through any given year's programme, or a programme over a series of years. So I find that even before the war our stocks amounted in 1918-14—I have got the figures—to about Rs. 13½ crores. There were, however, special reasons why after the war those stocks should increase. Both renewals and repairs, that is to say, our programme revenue and our ordinary maintenance on railways, had fallen very badly into arrears and our immediate necessity was to overtake those arrears. Consequently, it was necessary to place large orders for stores. Those orders did not, however, come out, they were not fulfilled as quickly as we had hoped. We were disappointed, as other people were, in our expectations that the manufactories of England and the Continent would change very quickly from war to peace conditions; and actually when the goods did begin to arrive the era of reduced grants had started. The owner had not perhaps at that time called in the expert woodsmen, of whom the Honourable Member was one, to lay the axe at the trunk of the tree; but he has already short of wood for fuel, and was lopping the branches with his own quite efficient chopper. What it came to was this. We had got the stores out but our revenue grants were no longer sufficient to enable us to put them on to the line. If we had put them on to the line we should have had to take away money which was urgently required for repairs. We should have had to relieve capital of the full cost of the stores at the expense of revenue, and we had not got the revenue grants.

There was actually another contributory cause, though of less importance, which I think led to our large stocks. With a big rehabilitation programme, we always have a lot of material returned to store and there was at that time, I think, a tendency to overprice the value of this material on its return, thereby reducing the cost of the work on which it had originally been used, but with the result that we had a lot of material in stock priced at a higher price than it was really worth. And at the price at which

this second hand material was held on return to store it was practically impossible to re-issue it. We have now stopped that practice by issuing orders that when second hand material comes back into store it should always be priced at a reasonable figure corresponding with its existing market value.

These were, I think, the main reasons for the accumulation of materials in stock on the railways and the main reasons why we now find after the slump in prices that we are holding materials in our balances at prices about 3 crores above their present worth. But I do not want Honourable Members get any impression from what I have said that there anything haphazard about the matter, that we only discovered the position by chance. It was not so. In the past it had always been the practice to write down the value of stores as soon as any material change took place in prices and actually Mr. Phillipe, the present Accountant General Railways, had started writing down the value of stores on the North Western Railway, I have forgotten the exact year, either in 1919 or 1920. But he could not go any further because we had not got sufficient revenue grants to write down the value fully and we could not divert money from either our programme revenue or from our ordinary maintenance grants without throwing back still further our rehabilitation programme.

Honourable Members may like to know what the actual position at present is with regard to stores. I have already given the figure for 1913-14. That was 18½ crores of stores balances. It rose at about the time that the Inchcape Committee reported to 23 crores. We have succeeded in reducing it. We hope to reduce it by the end of the current year by 4 crores to rather under 19 crores and we are expecting further next year to reduce it by the 31st March 1925 to 16 crores. I put it to the House that 16 crores . . . . .

**Mr. K. Rama Aiyangar:** Is it after deducting this writing down or otherwise? 23 is the total and if you are only bringing it to 19, that will practically reduce the rate. I am not able to follow.

**Mr. A. A. L. Parsons:** This has nothing to do with the writing down. If we write down our figures by 80 lakhs then the 16 crores would go down to 15 crores 70 lakhs. This is the actual figure by which we expect to reduce our stores balances by consumption in the course of the year.

**Mr. W. S. J. Willson** (Associated Chambers of Commerce: Nominated Non-Official): Would you tell us what the turn over stores per annum was, how much more than one year's supply?

**Mr. A. A. L. Parsons:** I believe that the actual amount next year which we have got for expenditure in the Budget is 31 crores; but it is very difficult to judge from this. It depends so much upon what our particular capital and programme revenue expenditure is going to be in any given year, I can possibly give the information the Honourable Member wants in a slightly different form. What we have done in order to reduce these stores balances is that for every individual railway we have laid down periods in terms of months consumption as the maxima and minima of stores that they can keep in stock. The limits vary for country stores and for English stores. We lay down on all railways that the maximum should be 6 months' supply in the case of English stores and the minimum 4 months. Of course the country stores we can get more readily, and therefore their minima and maxima are lower. We have also

[Mr. A. A. L. Parsons.]

taken steps to make it more easy for one railway to take surplus stores from another by making arrangements for the circulation of lists of surplus stores.

Though I have given for purposes of comparison the 1913 figure and what we expect it to be this year and next I do not mean that we shall rest content when we get back to the 1913 figure. It is the intention of the Railway Board to take advantage of our present difficulties to introduce improvements on the practice before the war, so that eventually we may work down to lower than the pre-war figures. But we cannot expect to do so quickly. Prices now are so much higher that a stores balance of 16 crores next year probably means lower stocks than a stores balance of 13½ crores in 1913-14. I think, Sir, that is all I have to submit to the House, and I hope that after this explanation the Honourable Member will withdraw his motion.

**Sir Purshotamdas Thakurdas:** Sir, I do not know whether, if the Honourable the President had occupied the Chair, he would have allowed this discussion, but as you, Sir, have allowed my friend opposite to touch on a question which was discussed at an earlier stage, perhaps you will allow me to refer to it. I must admit at the outset that I do not at all profess to be in any way intimate with the way in which the Government of India in the Railway Department keep their accounts. It may be due to my ignorance but I hope that my Honourable friend opposite will excuse me if I say that the explanation that he has been good enough to put before the House has failed either to make an impression on me or to convince me. My first difficulty regarding this item of 8 crores of rupees, by which stores have to be written down, six years after the war was over, is that the whole thing is a book entry. No money is paid out, no money is being taken in. Now, why was this not brought to the notice of the Assembly earlier, and why were these stocks of stores not written down to the point at which they should have been written down from year to year? With all respect, I submit to the Honourable Mr. Parsons that either I must be very hard-headed or there is something that I have not been able to understand in the explanation given. My complaint even in the morning was that this should have been done earlier and not six years after the Armistice. I wish to tell the House what would be thought of a private company in any part of India acting under the Registrar of Joint Stock Companies if they did what the Government of India in the Railway Department do, namely, to file a balance sheet made out on those lines. It would be liable to be called a bogus balance sheet.

(At this stage Mr. President resumed the Chair.)

The system of accounts followed in the Government of India is difficult for a mere commercial man like me to understand. I understood Mr. Cocks to tell me, when I mentioned the matter to him just before I rose to speak, that he would not pass a balance sheet if I made it out on these lines.

**Mr. H. G. Cocks (Bombay: European):** I said that it was the fault of the system, but not that it was a question of passing a balance sheet. It was the fault of the system that had been created.

**Sir Purshotamdas Thakurdas:** I submit that whenever the Assembly passes Budgets revised accounts submitted to them, it practically amounts to what shareholders do at a general meeting, and therefore I repeat that the Assembly in the past did pass balance sheets. I again repeat that.

if the account-keeping system is wrong, as my Honourable friend, Mr. Cocke, says, that is very wrong especially when looked at from the point of view of commercial account-keeping. I would only say one thing, Sir, and that is that the 1913-14 figures of stores of 12 or 13 crores are not to be looked upon as standard figures. I understood Mr. Parsons to say that the Railway Board offered to go under the figures given there. I have only got to point out to paragraph 4 in the Supplementary Budget. The Railway Board, we are told, have been improving upon the system which has been in force for so many years and I hope that so far as the accounts are concerned, there will be no recurrence of this in the future.

**Pandit Madan Mohan Malaviya:** Sir, I am sorry to say that even after the explanation offered by Mr. Parsons I am still very much unenlightened as to the disposal of the one crore and thirty-one lakhs of rupees which was to be kept as a special railway reserve. Do the Government mean to keep this sum as an extra sum in their hands? If not, how are they going to appropriate it. This is a question upon which we shall be very thankful to receive some information?

**The Honourable Sir Basil Blackett:** Sir, I will deal first with Sir Purshotamdas Thakurdas's observations in regard to stores. I think he really answered himself towards the end of his strictures. In the beginning what he said was that he would be glad to see that the Railway Board had been improving from day to day in their methods. I would point out that what has happened is that we have discovered what we had suspected, namely, certain bad effects of the system we have been following for some years, and asked the House to remedy it once for all so far as the loss on those stores was concerned, by making a charge to revenue which will replace the capital which has been lost. The complaint against us is not that we are now doing the wrong thing—though I believe that some people in the House may have carried away that impression—but that it argues some failure to arrive at a perfect standard if at this date we find that over a series of years we have been claiming as profits on the railways sums which really ought to have been used to the extent of 3 crores in writing down losses in respect of stores. We are trying to put that right this year and have at the same time introduced during last year improved methods in regard to the amount of stores that we keep in stock and the rules regarding such stores. I think the complaint against us is not that our balance sheets are now bogus, and I do not see why any complaint should now be made because we are at the present moment asking the assistance of the House in putting right the effects of a system adopted in the past. Sir Purshotamdas Thakurdas asks why this was not brought to the notice of the Assembly earlier. It was only brought to our notice last year, and we have brought it immediately to the notice of the Assembly. It was as a result of the Inchcape Committee's report that our attention was specially drawn to the matter of these stores and because in accordance with the recommendation made by the Inchcape Committee we have sanctioned the appointment of a Financial Commissioner of Railways. At the same time I must say in justice to those concerned that the existence of this defect would probably in any case have come to notice by now.

I will now try to deal with this very difficult and technical question, the difference between the Railway Budget under the present system and the Railway Budget as we proposed to present it if separation had been

[Sir Basil Blackett.]

carried out. I explained when I introduced my Budget that I was circulating with the speech two statements showing the Budget as it would stand under the system of separation and the Budget as it would stand under the system of non-separation respectively, making clear this distinction. When we arrived at the provisional conclusion in the Special Committee that dealt with railway separation that while we were, broadly speaking, in favour of the principle of separation we were not in a position to pronounce in regard to the details, the Government were left with a difficult choice. They had to choose between two alternatives. Were they to present the Budget in the form in which it would have been if separation had not been suggested, or were they to present the Budget in the form it would be in, if the tentative acceptance of the principle of separation were given effect to? One of the difficulties was that there was this item of 115 lakhs to be explained. Mr. Parsons has given the explanation in so far as it related to the method by which we charge to capital and revenue, respectively, the cost of replacing articles for use on the railways. The question still remains to be answered which has just been put by Pandit Malaviya as to what is happening to this reserve. The position is that this reserve comes into existence mainly through the difference in the method of charging to capital or revenue. If we do not adopt the proposed new principle of charging to capital a larger proportion of the cost of replacements, we shall be charging a larger sum to revenue and a smaller sum to capital, and the reserve will not come into existence at all. If we adopt the new proposal we shall be charging a larger sum to capital and a smaller to revenue. The money is not somewhere lying about; the item comes into existence according as—to take a hypothetical example—you charge 20 crores to capital and 10 crores to revenue or 20½ crores to capital and 9½ crores to revenue . . . . .

**Pandit Madan Mohan Malaviya:** Will the Honourable Member kindly explain what was the object of the railway reserve?

**The Honourable Sir Basil Blackett:** Our proposals in regard to the railway reserve are after giving the tax-payer one-fifth . . . . .

**Pandit Madan Mohan Malaviya:** As it was put in your first proposal.

**The Honourable Sir Basil Blackett:** There has been no change whatever from the first proposal. The first object of the railway reserve is that, after paying the contribution for the year to the general tax-payer, there may be a sum at the disposal of the Railways by which they can—so to say—equalise dividends. It is an equalisation of dividend fund in the first place. In the event of the next year being a poor one, they would still be in a position to pay their contribution. In the second place, it is that they may be in a position, if necessary, to reduce freights or reduce fares, and have a sum temporarily in reserve which will enable them to go on meeting their general contribution, even if temporarily they are not earning the same profits. In the third place it will secure that they have money with which to improve railway services independently of the sums ordinarily chargeable to the revenue and expenditure account. There is no change whatever from our first proposal; it remains exactly in the form in which we put it forward. We could, if we liked, have put forward the Railway Budget in the new form, and we considered seriously doing so. The effect of doing that would have been that we should have asked the House to vote a sum of 183 lakhs for reserve. As they have

not yet agreed to the separation of railway expenditure, it would not have been fair to ask the House to vote that sum for the specific purpose of reserve. We might have asked them to vote the railway budget in the new form and said we would keep the 138 lakhs temporarily in suspense pending a decision on the separation question. If then separation went through, that 138 lakhs would be the reserve which we had in mind. But even that seemed to be anticipating the decision of the House a little too much, because if the House were in September to come to the conclusion that separation was not desirable, then we should unfortunately, as explained by Mr. Parsons, be unable to go on with our depreciation fund, be unable to go on with our system of having a special reserve, and our justification for adopting this new method of allocation as between revenue and capital would have ceased to exist. That justification having gone, we should no longer have been able to keep our accounts in a commercial firm in that respect, and we should then have had to come back to the House and ask them to re-vote the Budget in the old form, and in that old form the 138 lakhs reserve disappears. We thought therefore that it was better to put the old form forward. If, when we come to September, the House agrees on separation, we can then prepare and place before the House a revised Railway Budget for the year, in which will be contained a sum equivalent to this 138 lakhs of reserve, and in which we shall propose to give effect, as from the 1st of April, to this new method of allocation as between revenue and capital. I hope I have made myself clear . . .

**Mr. K. Rama Aiyangar:** I want to know this. Suppose the Committee comes to the conclusion that the regulation should be revised, and the new method of allocation adopted, what will be the effect?

**The Honourable Sir Basil Blackett:** Suppose the Committee comes to the conclusion that the railway finances should be separated . . .

**Mr. K. Rama Aiyangar:** No, the method adopted of charging to revenue and capital as suggested.

**The Honourable Sir Basil Blackett:** That is only another way of putting what I say. Supposing the Committee comes to the conclusion that railway finance should be separated, we must have a depreciation fund from which to write down from year to year to their present value all articles from their original cost, which, of course, was higher. When you have got that depreciation fund you are in a position to write down from year to year to their proper value things such as locomotives and other properties of the railways, so that, when you come to replace them, you have only their depreciated value to deal with out of revenue and not their original value. The depreciation fund therefore goes together with the question of the re-allocation between revenue and capital, and the two go together with the question of keeping your accounts in a commercial form, which involves among other things the whole proposals which are connected with separation . . .

**Pandit Madan Mohan Malaviya:** I shall feel grateful if my Honourable friend will further enlighten us. As I understand it, under the present method the Honourable the Finance Member tells us that there will be a new allocation between capital and revenue under the arrangement that will now be adopted. I understand it comes to this, that the money that will be kept in hand as a reserve will be used for the purpose of this new allocation between revenue and capital, whereas I find that in the Resolution

[Pandit Madan Mohan Malaviya.]

which was put forward by Sir Charles Innes, it was stated that surplus profits would be utilized for forming reserves for equalising dividends, that is to say, for securing the payment of the percentage contribution to the general revenues in lean years, and secondly in depreciation, and in the improvement of services rendered to the public and the reduction of rates. Do I understand from the Honourable the Finance Member that all that idea of having a fund from which there could be a possibility of reducing rates or improving the services to the public, or equalising dividends in lean years has been put aside, and that this reserve is to be used merely for the next allocation between revenue and expenditure ?

**The Honourable Sir Basil Blackett:** No, I am afraid I have not made myself clear, Sir. The idea of setting up a reserve has, I hope, not been put aside at all. The whole question of re-arranging our Railway Budget in connection with the proposal for separation between Railway finances and General finances has been postponed for consideration in September.

**Pandit Madan Mohan Malaviya:** Will this amount be then held in reserve till September?

**The Honourable Sir Basil Blackett:** This amount will be held in reserve till September, I think I may say, in the sense in which the Honourable the Pandit puts it. But in a sense this reserve will not exist at all till September. As I tried to explain, up till September our method of book-keeping will continue to be the old one under which we shall charge a rather larger sum to revenue and a smaller sum to capital than under the new method. When we come to September, if separation is agreed to, we shall then be in a position to go back as far as April of this year and re-allocate as between revenue and capital our expenditure for this year, and thereby release a sum which, presuming that our estimates are in no way modified, will be equivalent to this 138 lakhs. Our actual procedure will be exactly the same in either case. The two forms of estimate are merely two different ways of presenting exactly the same facts. The State railways will go forward just the same, they will purchase certain articles and put them on the lines in replacement of existing articles, but they will for the time being be following the existing method of charging to revenue the whole of the original value of those articles, and to capital only that portion which represents improvement. When we come to September, if railway separation is agreed to, we shall then reconsider that allocation and that will result in the transfer from revenue to capital of a sum which will create this reserve on the revenue side.

**Pandit Madan Mohan Malaviya:** Then it means, I take it, that the railways will have so much more revenue to rely on spending during the year—that is to say, the Budget is increased to that extent by the reserve of a crore and 88 lakhs?

**The Honourable Sir Basil Blackett:** No, Sir, the amount of capital that the railways will have to spend will be rather increased, and the amount they have to spend out of revenue for this purpose will be decreased. The amount they will actually spend on capital plus revenue will remain unaltered.

**Pandit Madan Mohan Malaviya:** Is it fair that this amount should not be brought into the general revenue?

**The Honourable Sir Basil Blackett:** I think it is.

**Pandit Madan Mohan Malaviya:** I am sorry I do not agree with you.

**Mr. K. Rama Aiyangar:** Sir, in view of the assurance given by the Honourable Mr. Parsons, though I have not had a reply in respect of the recommendations of the Incheape Committee, I do not propose to press this to a division. But certainly, Sir, I think the Assembly should have the full right to dispose of the money and it will not be reserved to the Honourable the Finance Member to dispose of it as he likes.

**The Honourable Sir Basil Blackett:** That is so. I thought I had given that assurance; there is no intention whatever of doing anything else.

**Mr. K. Rama Aiyangar:** I withdraw my motion, Sir.

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

**Lieut.-Colonel H. A. J. Gidney:** Sir, I thank you very much for at last giving me this brief opportunity to refer to a subject of some importance to my community and which was denied me earlier in this Demand. Mr. Joshi referred, Sir, to the question of non-recognition of unions on railways, particularly the G. I. P. Railway. It is a subject that I am closely interested in myself. The Honourable Member in charge of the Railway Department did not exhibit much sympathy when Mr. Joshi brought to his notice that the G. I. P. Railway refused to recognise these unions. Sir, I myself requested the Member in charge of the Railway Department to recognise a very big and well organised association which is called the Amalgamated Society of Railway Servants of which I am a patron and which has its headquarters at Bombay. The Railway Board refused to recognise it, giving no reasons whatever for its refusal. Now, Sir, a properly organised association or union is one of the means by which railway employees can constitutionally bring their grievances to the notice of their respective railway administrations or, if necessary, the Railway Board and Government of India. Such an association creates a closer contact and touch between employer and employé and leads to harmony, co-operation and efficiency. Instead of recognising these benefits we have railways refusing to recognise unions, refusing to recognise associations. Not only do they refuse to do so but the Railway Board, which I believe has more or less complete control over State Railways and only a financial control over company-managed railways, also refuses to recognise well organised Railway Associations. Not content with this the Railway Board has recently issued a circular notice drawing the attention of all Railways to the Government Servants' Conduct Rules which prohibit a railway employé, though he is in possession of a vote and has given his vote, from bringing any Railway grievance to the notice of Members of the Provincial and Central Legislatures. The railway employé is therefore prevented, if he does not obtain justice or his grievance is not properly remedied, from bringing his complaint to the notice of any authority higher than his own Railway officials. It is because of such unredressed grievances and injustices on the railways that these various associations and unions have been formed and are necessary. But the railway administration as also the Railway Board refuse to recognise them, and the men are therefore denied justice. If the Honourable Member in charge of Posts and Telegraphs were now present in this House, I would ask him to support me when I state that the Telegraph Association, which is a body that caters alike for its European,

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

Anglo-Indian and Indian employés and which the Government of India have officially recognised, has been the means of great help and assistance to the Government of India in these two departments. In fact it is an asset to Government and works in great harmony with the Government of India. Moreover the Government of India has officially recognised the Customs Association in Calcutta. It has also recognised an Association of the higher Government of India Secretariat employés. I therefore ask why should the Railway Board deny its recognition to an Association called the Amalgamated Society of Railway Servants, which has its headquarters at Bombay and why should the G. I. P. and other Railways deny recognition to their various Railway unions? I say it is not fair to do so and I would press upon the Railway Department to depart from this policy of non-co-operation and to give these Unions and Associations its sympathetic attention, and to reconsider its refusal of recognition to the A. S. R. Association. If this is refused, I have no doubt that it will only lead to grave misunderstandings and conflicts, increasing conflicts between employers and employés on the Railways. I wish the railway employé to possess an equal standing with every servant, however subordinate he be, in the Government of India service, regarding the redress of grievances, etc., and who has an appeal to the highest authority in the land. As situated to-day the railway employé has no such appeal. Seldom is it that the Railway Board ever interferes with or upsets the decision of a railway company on the grievance of any of its employés. It is too busy with its own work to pay any attention to these subordinate servants. The result is, and I say so with great regret, that many railways have earned the unenviable reputation that justice is not always given to their employés. I know justice is denied them from personal experience; many cases, especially on the G. I. P. Railway Transportation Department, have been brought to my notice—cases in which men have been unjustifiably treated by the autocratic Railway official in charge, cases in which the men would have been dismissed and to-day gone to swell the ranks of the unemployed if it were not for the action I had taken in the matter and obtained justice. I say that Associations such as the A. S. R. S. are a means, if recognised, of preventing a lot of hardship, a means of bringing to light such acts of injustice, which have hitherto remained hidden. I call it injustice because I have from personal experience seen such cases and I would again call upon the Railway Board to recognise certain of these Associations and to ask railway companies to recognise their respective Unions. The railway employé, be he on a Company or State-managed Railway, wants no favour whatever; he only wants bare justice. This is at times denied him—brutally denied him—by some railway official. He realises the futility of appealing to the Railway Board which, as a rule, refuses to interfere in disciplinary cases. He is, therefore, denied any higher tribunal than his railway officials' rulings. His Association or Union is ignored by his railway. The Railway Board also refuses its recognition to these bodies, whose one object is to bring such cases constitutionally to official notice for further inquiry. The railway employé is thereby denied that full inquiry and measure of justice from that highest tribunal which even a menial in the Government of India enjoys. What is the result? Acute discontent and its attendant dangers, and this is what is happening and being felt to-day on the Railways.

To add to his hardships and injustices the various Railways, as ordered by the Railway Board, have gagged their employees' mouths, *vide* the Government Servants' Conduct Rules—on the threat of dismissal if they

bring their grievances to the notice of the Members of either the Provincial or Central Legislatures. Sir, I am not an advocate of strikes of any kind. They do no good and alienate public support and sympathy; but, I ask what other remedy is left to the subordinate railway servant, when his hands are tied, his lips sealed, and his mouth gagged? Is this what one expects from a Government which proudly states it is making every endeavour to give self-government to India on democratic lines? Is this Democracy or "Hypocrisy"? Another point I wish to bring to the notice of the Railway Member. The Whitley Committees in England have answered very well—so well that over 90 per cent. of their awards have been accepted by both employers and employes. The G. I. P. Railway has, I understand, started such a committee. I think every railway should have such committees and I very strongly advocate its universal adoption on all Railways in India on which both employer and employe will meet and try to adjust and settle their differences of opinion.

**Mr. President:** I allowed the Honourable Member (Lieut.-Colonel Gidney), as I thought, to ask a question in order to clear up some point which he considered obscure in the reply given by the Member in charge of Railways yesterday; but I cannot allow this to develop into a debate on the same lines as yesterday's debate.

**Mr. N. M. Joshi:** Sir, I do not wish to speak at any length at all. I only want to ask for some information from the Honourable Member in charge about the union that exists on the O. and R. Railway. In the rules of that union, which is recognised by the Railway administration, there is a rule that if complaints made by members of the union to the Railway administration are not satisfactorily dealt with, the complaints should be sent to a Conciliation Committee. Although the rules were approved of by the Railway administration, still the Agent refuses to send up complaints to a Conciliation Committee when his replies are not satisfactory to the employees. I want to know, Sir, whether the Railway Administration have given their attention to this matter, and whether they will draw the attention of the Agent of the O. and R. Railway to this point. I hope they will do so because, as I pointed out yesterday, if complaints which are not satisfactorily dealt with by the Agents are not sent to the Conciliation Committee, the only way left open to the employees is to go on strike—which is a weapon that is open to objection both from the point of view of the employers themselves and of the public in general.

**The Honourable Sir Charles Innes:** I shall endeavour to reply very briefly to the two points that have been raised by Colonel Gidney and Mr. Joshi, respectively. Colonel Gidney took me aback by his speech because I thought we had finished the discussion of this question. I was surprised to hear that the Railway Board does not recognise unions. It is a fact, I believe, that the Agent of the G. I. P. Railway refused to recognise a union, but he did not act in that way under the instructions of the Railway Board. Nor is it in the power of the Railway Board to order a Company-managed railway to recognise a union or not. That is a matter which lies in the discretion of the Agent alone and in which we have no power to order the Agent to take any particular action or not. As Mr. Hindley explained yesterday, he has discussed the matters with the Agent and he finds that the Agent prefers, instead of recognising that union, to try to get into touch with his staff through the means of district committees. I was asked definitely yesterday by Mr. Chaman Lal why the Agent took that line. If you will ask, Sir, many of the employers of

[Sir Charles Innes.]

labour in this House why they take a similar line, you will always get the same answer. The employers of labour very often object to recognise unions when they are run by outsiders. I am not expressing any opinion of my own on the point or whether it is right attitude or not, but it is an attitude which is often adopted by employers of labour.

As regards State Railways, we have recognised the N. W. R. Union. We know that if the Agent of the N. W. Railway had not recognised that Union, it would have been hardly in existence at all. As regards Mr. Joshi's question, my Honourable friend Mr. Chatterjee told the House the other day that he did not carry all his statistics in his pocket. I was entirely taken by surprise when Mr. Joshi mentioned about the rules of the O. and R. Railway. I have not seen those rules. I do not know what they are. All I can say is that when I get a written report of Mr. Joshi's speech, I will look into the matter.

**Mr. Chaman Lal** (West Punjab: Non-Muhammadan): May I inform the Honourable Member that the Industrial Disputes Committee appointed under the auspices of the Bombay Government recommended that outsiders were absolutely essential in the existing state of trade unionism in India.

**Mr. President:** The question is:

"That a reduced sum not exceeding Rs. 67,46,60,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day March, 1925, in respect of 'Railways'."

The motion was adopted.

DEMAND NO. 10.—IRRIGATION, NAVIGATION, EMBANKMENT AND DRAINAGE WORKS—INCLUDING EXPENDITURE IN ENGLAND.

**Mr. President:** The question is:

"That a sum not exceeding Rs. 18,02,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March, 1925, in respect of 'Irrigation, Navigation, Embankment and Drainage Works, including Expenditure in England'."

The motion was adopted.

DEMAND NO. 11—INDIAN POSTAL AND TELEGRAPH DEPARTMENT.

**Mr. President:** The question is:

"That a sum not exceeding Rs. 8,16,90,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March, 1925, in respect of the 'Indian Postal and Telegraph Department'."

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

"That the Demand under sub-head 'Direction' be reduced by Rs. 100."

Sir, I was very sorry to hear my Honourable friend Mr. Chatterjee describing himself the other day as a practical business man, and it is 4 P.M. with the object of preventing my Honourable friend from degenerating into a practical business man that I move this motion. Sir, I want a clear declaration of policy from my Honourable friend as to what the principle which governs the financial administration of his Department is. Sir, I have taken some care to read the history of the Indian postal organization, and, if I am not very much mistaken, I think the policy has so far been not to regard the Post Office as a source of revenue for the Government of India, but to treat it as a public utility department, and we have declarations made as early as 1850 and 1866, which confirm this view. Sir, as late as 1905, Government made a definite declaration of policy that it is not the desire of the Government to treat the Post Office as a source of revenue and that all excess of receipts over expenditure will in future be devoted to the further improvement or cheapening of postal facilities. I want my Honourable friend to declare on the floor of the House to-day that he holds fast to this declaration of policy. Sir, it has been necessary for me to refer to this matter at some length, because I have been led to suspect that the Government are on the eve of making a departure from this wholesome policy. Sir, as I read it, the present tendency of the postal department is to restrict the postal facilities, so that they may be enabled to earn a fat dividend for the general exchequer. Honourable Members will note that during the Budget year it is proposed by my Honourable friend to hand over no less than Rs. 1,11,49,000 to the general revenues. At least that is what I find in Appendix A, page 3, "Contributions to the general revenues—Rs. 1,11,49,000." Whatever that may be, the net amount may be a smaller sum, and I am perfectly willing to accept my Honourable friend Mr. Chatterjee's figure on this point. Sir, there had been increases in the postal rates since 1921. Well, this has been an evil of a widespread character, and I do not find that any country in the world escaped the post-war depression in the postal finance about this time, and I believe every country in the world had raised its postal rates either in the year 1921, or earlier. But the tendency in every other country is to lower the postal rates again to their normal level, and we find actually that England and certain other countries, notably some of the Colonies, have already embarked upon a policy of reversion to the original rates. But I am afraid, unless my Honourable friend Mr. Chatterjee is prepared to agree with me, the higher postal rates have come to stay in India. We have seen a rigid restriction of postal facilities, in regard to the curtailment of deliveries, in regard to closing down of post offices, in the name of commercial principles. No less than 205 post offices have been reduced in status in 1923-24, and 255 post offices have been altogether abolished in the same year. Now, Sir, if Honourable Members will study the detailed figures of this Department, they will see that the extra-departmental agencies, which minister to the postal requirements of the rural areas, increased between 1905 and 1910 by 15 per cent., and between 1910 and 1922 by about 2.9 per cent., but since 1922, I do not find any progress made in this direction. Now, looking to the amount actually spent in the extra-departmental agencies, we find that the actual expenditure in 1922-23, was Rs. 14,80,000 and odd, the Budget for 1923-24 was Rs. 14,87,000 and odd, the revised figure for the same year was Rs. 14,65,000 and odd, and the Budget for the ensuing year stands at Rs. 14,69,000 and odd; so that I do not think my Honourable friend would claim that this makes for any expansion in extra-departmental agencies.

[Mr. K. C. Neogy.]

Now, Sir, let us look at the figures for the experimental post office establishments—which are almost invariably the only rural agencies in the outlying parts of the country. In 1922-23, Rs. 70,000 was budgeted for being spent in that year on experimental post office establishments. But, the actuals fell to Rs. 44,579; and the Budget for 1923-24 stood at Rs. 40,000 and we have in 1924-25 the very same amount, Rs. 40,000, provided. Now, Sir, where is the provision for the expansion of rural postal facilities? Well, it will be said that all this economy has resulted from the recommendations of the Inchcape Committee. But I have failed to find anything in the recommendations of the Inchcape Committee which can support my Honourable friend in his ruthless cutting down of rural postal facilities.

Sir, I was looking into the Geddes Committee's Report to find out as to how they treated the postal department of the British Government, and I came across a reference therein which gives the pledge that was given by Government when the postal rates were enhanced in 1921, and the pledge is in the following words:

"The Government recognise that, when costs are reduced, the user of the postal service is entitled to get the benefit and that such reductions as are possible in the rates now imposed will be made as soon as the surplus of the post office balance sheet is assured."

And Mr. Kellaway, the then Postmaster General, speaking in the House of Commons on the 9th June 1921, said:

"If we are to have surpluses in the future, I do not want them raided by the Chancellor of the Exchequer and I got the Cabinet to agree that any gain which is effected will go not to the Chancellor of the Exchequer but the reduction of charges."

(Mr. G. B. Clarke: "What has happened this year?") Well, they are still considering the question of reducing the rates, and I would refer my Honourable friend to the latest issues of the Hansard, which will show him very clearly how anxious they are with regard to the penny postal system, and to the encouraging replies given by the Postmaster General. I have got one of the replies in my hand which was given by the Postmaster General in which he said:

"I am anxious to see the penny postage restored." They are making strenuous efforts to go back to the original rates. Sir, I am anxious to hear Mr. Chatterjee on this point as to whether he has agreed to the raising of these rates on this express understanding—the understanding on which the Postmaster General in England agreed to the enhanced rates in 1921. (The Honourable Mr. A. C. Chatterjee: "The rates were enhanced much earlier than 1921.")

Now, Sir, when talking of the Inchcape Committee's recommendations, I do not think that my Honourable friend has given effect to all the recommendations made by that Committee with regard to the Telegraph Department, and has gone out of his way to curtail postal facilities which certainly was not recommended by the Inchcape Committee. Sir, talking of the Telegraph Department reminds me of the fact that the system of accounts that used to prevail in the Postal and Telegraph Department was in a chaotic condition so long, and I am very glad to learn that the system of commercial accounts has been introduced with effect from last year. (Mr. Darcy Lindsay: "But you were objecting to commercialism.") Oh, yes, I object to the spirit of commercialism governing this department, but I do not object to commercial accounts being kept so that we may know whether a particular department is working at a loss or a profit. Now,

Sir, my view has all along been that the Telegraph Department has been working at a loss and that, although we were told by my Honourable friend, Mr. Clarke, in 1921-22 that the Post Office was not paying its way, I make bold to assert that the Post Office has been subsidising the Telegraph Department, and when the rates were raised in 1921-22 the postal rates were expected to give a handsome subsidy to the Telegraph Department and I am sure, when the commercial accounts are complete, this statement of mine will be wholly borne out. My reading of the position is that we had to sacrifice the pice postcard for the purpose of keeping up the Telegraph Department.

Sir, under the reforms all the departments of Government which have any beneficent effect on the people at large have been transferred to the care of the Provincial Governments. It is only two departments of the Government of India, the Railways and the Post and Telegraph, that maintain points of contact between the Central Government and the people at large; and, although Education is a provincial transferred subject, I think my Honourable friend, Mr. Chatterjee, is in the privileged position of being an Education Minister, being in charge of the Department of Education that goes by the name of Post Office. I expect him to bear this in mind, and I look forward to the day when he will announce in this House the reduction of postal rates.

**Mr. President:** Reduction moved:

“That the Demand under the sub-head ‘Direction’ in the ‘Post and Telegraph Department’ be reduced by Rs. 100.”

**The Honourable Mr. A. C. Chatterjee:** Sir, my Honourable friend, Mr. Neogy, started his speech by asking for a declaration of policy from Government. He quoted certain previous declarations but I do not think he has been able to find a single declaration of Government in which it has been claimed that the Post Office or the Telegraph Department should be a source of income to Government. All that has happened is that we have tried to prevent it from becoming a source of expenditure to Government. I entirely agree with Mr. Neogy in considering that the Post Office should be looked upon as a public utility service. But in the same way as the Railways and any other organisations which are for the benefit of the general public and are looked upon as public utility services should at the same time pay their way, I consider that the Post and Telegraph Department should pay its own way and I have the authority of my Honourable Colleague, the Finance Member, in saying that the Government do not look to the Postal and Telegraph Department as a revenue earning Department. I hope this statement will satisfy my Honourable friend. At the same time, I wish him to understand that there is no reason whatever why the Postal and Telegraph Department, if it is properly managed, should be a burden on the tax-payer. It has to be remembered that the Government enjoy a valuable monopoly in the Postal and Telegraph Department and in my view that monopoly should be so worked as to be a source of benefit to the general tax-payer without being a burden on him. Then, Sir, the Honourable gentleman has gone on to mention that there is a tendency on the part of the Department to restrict postal facilities so as to earn a fat dividend. I do not know where a fat dividend has been found. My Honourable friend talks about the sum of 1 crore and 11 lakhs as a contribution to the general revenues. I am sure he has studied the notes added to page 3 of Appendix A of the Detailed Statements where it has been explained that that sum of 1 crore and 11 lakhs does not mean a real profit to Government at all. The actual profit

[Mr. A. C. Chatterjee.]

that we have estimated is only 24 lakhs. The rest of the amount is really a restoration to general revenues of the sum which had already been borrowed from general revenues for the purchase of stores and for the construction of postal buildings. I am sure that my Honourable friend, Mr. Neogy, for whom I have the greatest respect, must have read this note and understood the position, and I am rather surprised that he has used this argument. I do not think it is necessary for me to dilate on this point any further. I feel certain that Mr. Neogy will withdraw at least this argument.

Then, Sir, he went on to the question of the restriction of postal facilities in rural tracts. My Honourable friend, Mr. Clarke, is much better posted up on the question of details of the administration of the Department and I shall leave him to deal with this particular point.

I wish now to pass on to the question of postal rates. Mr. Neogy has admitted that in practically every country, postal and telegraph rates have had to be enhanced since the war. He has argued that, as there is a tendency in other countries to go back to the older and cheaper rates, we should do the same thing. I do not think the comparison is fair. In most countries, at least in Europe, the postal rates were raised about the middle period of the great war. In this country the rates were not raised until about two years ago, the reason being that prices did not rise in this country to the same extent during the war as they did in foreign countries. We had to raise our postal rates because expenditure on establishments and on salaries went up very considerably after the war, and not during the war. Does Mr. Neogy contend that we should now reduce the salaries? I believe he himself is connected with various postal associations who certainly would not be satisfied if Mr. Neogy now came and suggested to me that the emoluments of the various grades of postal and telegraph officials should be considerably reduced.

**Mr. Darcy Lindsay:** Mr. Neogy wants more money for them.

**The Honourable Mr. A. C. Chatterjee:** From the questions that have been asked in this House, it is quite clear that some Members of the House want further increments to be given to postal and telegraph officials. How is that to be done? I have already pointed out that the estimated profits from the Department amount only to 24 lakhs. Am I to give this in the form of reduction of rates or am I to give it in the form of increased emoluments to postal and telegraph officials? I give the choice to Mr. Neogy.

Mr. Neogy then mentioned that not all the recommendations of the Incheape Committee with regard to the Telegraph Department have been carried out. He did not mention any particular details. I was waiting for those details. Personally, I am not aware of any important or main recommendation of the Incheape Committee with regard to the Telegraph Department which has not been carried out. It is quite true that we have not reduced the staff to the extent that the Incheape Committee expected that we might be able to reduce it. But as all Members of the House connected with business would admit, there are already very general complaints with regard to our telegraph service. I think Members who come from Bombay will bear me out when I say that I have to meet very serious complaints with regard to the deterioration in the telegraph service as compared with what it was before. It is really impossible to come down to the Incheape Committee's standard and at the same time

maintain efficiency in the service. We have to balance the advantages and disadvantages. We have done what we can to reduce expenditure. As a matter of fact, I take credit to the Department, the Government take credit for the fact that the total reductions in the Post and Telegraph Budget come to more than 20 lakhs above the Incheape cuts. That has been already explained. If the House wishes me to explain it further, I am prepared to do so. If, therefore, we have not been able to carry out every detailed recommendation of the Incheape Committee, I think we ought to be given credit for accepting them in the main and for reducing the general expenditure of the Department. That has really brought about this profit of 24 lakhs, which is estimated for next year. Until our profits are very much higher, it is futile to expect us to consider any immediate reduction in rates. We are always considering the question of the reduction of rates. The matter is really never far from the mind either of the Director-General or of myself. But I cannot undertake to make a promise at this moment. I must be given time to see how things shape. We must be given time to see whether there is a trade revival from which we can expect an increase in postal business. Until we find that conditions in trade and business are stabilised, it would be futile to try and reduce the rates. I hope that the explanations I have given will satisfy my Honourable friend, Mr. Neogy, and that he would not press this motion.

**Mr. H. G. Cocks:** Sir, the Incheape Committee's report recommended the commercialisation of the accounts of several Departments and the Indian Post and Telegraph Department is one of those Departments. I understand that Government are following the report of a firm of accountants who were employed to make recommendations in this respect. I have nothing whatever to say against that. But, as far as I can see, having got that report, they are proceeding on their own lines without any expert advice or guidance. I do not think it is possible to change over from the Government system of accounts to a commercial system of accounts with the material which is at the disposal of Government. I have seen something of the accountants employed by Government and I have very great regard for them. But they are not commercial accountants and they have not the necessary experience to commercialise Government accounts. I hope Government will take this matter into consideration, and if they require advice from outside, get it. They naturally take legal advice from outside. They take advice on matters of insurance.

**The Honourable Mr. A. C. Chatterjee:** I rise to an explanation, Sir. I do not think that my Honourable friend, Mr. Cocks, is aware that Government did take the advice of Messrs. Price, Waterhouse and Co. with regard to this matter.

**Mr. H. G. Cocks:** I have just said that I am aware that Government have a report from a firm of accountants. I knew that that firm was Messrs. Price, Waterhouse and Co., and that the Government are proceeding on the lines of that report. But it does not follow that you can carry out a change of system based on the report which may take two, three or four years, without receiving any advice from experts who are used to framing and checking and being thoroughly in touch with commercial accounts.

To take this Posts and Telegraphs Appendix A, Detailed Statement, the first thing I notice is on page 2 where under the heading "working expenses" I find a net total of Rs. 9,90,50,000, and my first inclination is to find that figure in Demand No. 11, but it cannot be traced from the

[Mr. H. G. Cocke.]

one place to the other, and I certainly think that a note might have been put in to explain that. Am I right in saying that it is due to the non-votable portion? The total of your profit and loss account under the head working expenses for 1924-25 is shown, after deducting credits for services rendered, at a net total of Rs. 9,90,50,000. That figure is not traceable to your demand. It may be due to the fact that it includes non-voted expenditure, but I think it should have been explained. I do not want to get too technical, but when one sees a profit and loss account, one expects it to deal with the past and not with the future. It might have been stated "Budgeted Profit and Loss Account", because the ordinary meaning of a profit and loss account is one that deals with the past and incorporates actual facts and figures. Turning to page 3 it is exceedingly difficult to follow the figures on the credit side. Incidentally I might remark that on page 2 the Government have put the receipts on the right hand side, and one would have expected the net profit of Rs. 24 lakhs to be carried over to the right hand side of the account on page 3, but it suddenly appears on the left hand side! That is a small detail, but perhaps it might be remedied. Then, Sir, it is exceedingly difficult for any layman, and I might also say that it is exceedingly difficult for any accountant to say exactly what has happened on the right hand side of that account. I think I have been able to arrive at it, but I am afraid a large number of Members have not. Apparently, what is happening is that the Government have stores on hand, amounting to Rs. 1,41,90,000, which they have already paid for and they have also Rs. 24,04,000 of profit, making a total of Rs. 1,65,94,000. With that they propose to spend Rs. 54,45,000 on capital expenditure, leaving a surplus of Rs. 111 lakhs. That is the long and short of it, but I do not think that it is clearly set out here.

That, Sir, is all I have to say, but I do hope that if the Government is going seriously to tackle the suggestion made by the Inchcape Committee they will really follow the spirit of that, for I am quite sure that Lord Inchcape and the other members who sat on that Committee were really only following what had been done successfully in the Government at Home, where accounts have been commercialised and where, in order to do that, they have had to call in accountants who are versed in commercial accounts.

**Diwan Bahadur M. Ramachandra Rao** (Godavari *cum* Kistna: Non-Muhammadan Rural): I have given notice of a similar motion to that of my Honourable friend, Mr. Neogy, but, with your permission, I wish to make a few remarks on the subject of Post Office administration. Sir, my remarks are generally more or less in agreement with what my Honourable friend, Mr. Neogy, has said, on the whole question of Post Office and Telegraph administration. The whole point is whether these departments should be considered hereafter, at any rate, as public utility departments, and in that matter I am glad to hear the statement made by the Honourable Mr. Chatterjee that he and the Honourable the Finance Member are agreed that no revenue should ordinarily be expected from these departments, as a contribution to the general expenditure of the Central Administration.

**The Honourable Sir Basil Blckett**: I do not want to interrupt the Honourable Member, but I may say he has not put it quite in the form in which I should put it.

**Diwan Bahadur M. Ramachandra Rao:** I know that the Honourable the Finance Member is a very careful man, but I translate what he and the Honourable Mr. Chatterjee have said in the manner in which I have summarised their intentions. But whatever it is, if the Honourable Members who are in charge of these Departments, financially and administratively, are agreed, I would at once ask them to release a portion of the contribution of this year, namely, Rs. 24 lakhs, for further extensions of the rural facilities throughout India. I trust that this suggestion will be seriously considered by my Honourable friends.

Sir, if there is one matter in which the average villager is interested, it is the securing of these facilities and the civilising influence of the Post Office. I may say, Sir, that the increase of postal rates and the withdrawal of postal privileges during the last year or two have gone more or less hand in hand and have contributed very materially to the unpopularity of the administration at the present day. Every villager keenly asks us "What have the Government done for us? They have increased the salt duty, they have increased the postal rates, they have increased the telegraph rates." Therefore, Sir, the question of a reduction in the postal rates is one which deserves attention at an early date. The Honourable Member says that this question of reduction is continually receiving his attention. Sir, we are familiar with these words, "continually receiving our attention." We are quite familiar here and elsewhere with those words and I will not attach any serious importance to them. Whatever may be the Honourable Member's attitude in regard to the reduction of postal rates, I trust that he will take up this question of the extension of facilities. Perhaps, Honourable Members might be willing to listen to a few statistics on this matter which bear on this question. I understand that at the present day there is one post office for every 40 square miles in Bengal and Assam; in Bombay there is one post office for every 50 square miles; in Madras, more or less the same; in the United Provinces there is an office for every 68 square miles; in the Punjab and the North-West Frontier Province there is one office for every 72 square miles; in Bihar and Orissa there is one office for every 85 square miles, and in Burma there is one office for every 518 square miles. (*A Voice*: "What is the population?") I am perfectly certain that my Honourable friend who asked the question knew the facts and he has mentioned them at the same time. In the Central Provinces there is a post office for every 158 miles, and in Sind and Baluchistan one office for every 507 miles. Well, as regards the population, I do not wish to weary the House, but there is an office for every 5,065 of population in Bengal and Assam, and for every 7,871 of population in Madras. I shall not weary the House with further statistics, because I think that the issue will be clouded by the citation of too many statistics. Therefore I stop at that. You have heard broadly the fact that you have an office for every 50 square miles of country on the average in the provinces and I ask my Honourable friends whether they consider this a blessing of British civilisation and whether this is the test by which the average villager should test the present administrative efficiency. I may say it seems to me that at present we are going backwards. I have a few statistics of the number of offices. I find that in 1910-11 there were 12,277 branch offices, in 1921-22 12,634; and in 1923-24 255 of these offices have been abolished and the status of 205 has been reduced, as has been pointed out by my friend Mr. Neogy. In addition to that, 900 postmen have been sent away, so that I may summarise the activities of this department in this way—increase of rates and decrease of facilities. I do not wish to be unfair to my Honourable friend who

[Liwān Bahadur M. Ramachandra Rao.]

is in charge of this Department, but it seems to me that this conclusion is one which we have to draw from the recent activities of this Department. I therefore think that the first duty is to extend these facilities to the villager who contributes, I think, a considerable amount of the postal revenues. Perhaps I am wrong, but he certainly contributes a substantial amount of postal revenue. I do not know whether Mr. Clarke would object to the word 'substantial' also.

There is one other matter in connection with this extension of rural facilities. I understand that the present practice is for the Department to take each experimental office and see whether in itself it is self-supporting, that is whether the revenue from that office is enough to maintain it throughout the year. This, I understand, is the present practice and, if it is not so, I should like to have an assurance from the Honourable Member. But if that is so, I think that that is not at all a fair test. They must either group a number of villages or take the whole taluq or district as the unit and then calculate profit and loss and not on every single post office which the department opens at the present day. Then I would ask my Honourable friend Mr. Chatterjee to aim at an extension which would provide a post office for every village which contains a definite number of inhabitants. He may take as the number 1,000 or 2,000 or 3,000, but whatever it is he should extend the offices year after year by the gradual provision of post offices and include in the Budget a definite sum to provide these offices. Unless some such thing is done, I think we shall remain where we are in the matter of the extension of these privileges. As I said, the number of branch offices at the present day, is practically the same as in 1910-11 and the number of postmen employed is also practically the same, so that I should think that my Honourable friend should plead guilty to the charge that, so far as rural extension is concerned, nothing practically has been done to secure an extension during a period of 12 or 13 years. That seems to be the moral of the working of this department for a number of years and, if we are to do justice to the average villager, I think this question of extension of facilities in the rural areas is the most serious one and it ought to be taken up without any delay.

**Mr. N. M. Joshi:** Sir, I do not want to deprive the Postal Department of another sum of Rs. 100. I therefore take advantage of the motion of my Honourable friend Mr. Neogy to place before this House certain matters of great importance. My Honourable friend Mr. Neogy and also Mr. Ramachandra Rao did not want the Postal Department to be run on commercial lines. I also do not want the department to be run on commercial lines. I do not know on what lines Mr. Neogy wants the department to be run, but I want the department to be run on human lines, and I can tell the House that this department in many matters is not run on human lines, especially in their treatment of the subordinate employes. Take the question of holidays. The Postal Department is the one department in which the employes get the smallest number of holidays. There are some employes who do not get even one day in a week. I want the department to give up this policy which is, if I may be permitted to say so, inhuman and adopt a more humane policy in this respect. When more holidays are asked for for the postal employes, it is contended that these people cannot be given as many holidays as other people enjoy, in the public interests. Sir, I do not want the public to be deprived of its conveniences. If the public want to have letters delivered on Sundays and

on holidays, let the post office do it, but there is another way of delivering letters to the public on Sundays without cutting the holidays of the postal employés. Let the postal department employ a little larger establishment and by the proper arrangement of rest days and holidays it is quite possible for them to give at least one holiday in a week. I want the postal department to give serious attention to this question.

There is another question on which I want the Postal Department to follow a humane policy and it is as regards the treatment they give to their subordinate employés known as runners and messengers. Sir, to my great horror these subordinate or, I may say, ill-paid officers of the Postal Department are sometimes called by the contemptuous term, menials. I do not know, Sir, what is meant in being a messenger or runner on a small remuneration. If there is anything meant it is in the payment of the low salary and that meanness attaches to the department and not to the men who receive that salary. These messengers and runners are not given the privileges which are given to the other classes of postal employés such as the clerks and the officers, as regards pension and leave. A few days ago I asked a question about this matter and I was referred to some book which gives the rates at which these poor people are given pensions. Of course the Honourable Member may have given me a simple answer and told me at what rate the pension is given. Perhaps he did not find it very convenient to tell the House the large sum of money which is given to these very useful officers of the Postal Department after their retirement. Sir, these postal employés receive after retirement from service very small amounts, as pension or gratuity. They do not get their pensions at the same rate at which other employés, such as clerks and officers, get theirs. I do not know, Sir, why this distinction is made. If there is any class of people who deserve pension more than anybody else, it is the lowest paid servants of the Government and not the higher servants. The higher officers are expected to save something, at least they can save something, for their old age, but these low-paid officers cannot save anything. They get such small salaries as Rs. 10 or little more. What can they save? How can they maintain families consisting of a wife and at least two children? And what pension will they get? The other day when the question was discussed about the average income of Indians, Sir Basil Blackett was shocked to hear that the average income of an Indian was only one anna or two annas per day. Sir, let Sir Basil Blackett tell me how a postman, runner or messenger can afford to maintain his family on the generous pension paid to him by the Government of India, and what must be his daily income after retirement. Sir, when the Government of India give very generous pensions to their higher officials as well as to the clerks and other subordinate officers, why should they not spend some more money in paying pensions at the same rate to the lower paid servants. I do not say that they should be given liberal pensions but that they should be given at the same rate at which the other classes of employés are given their pensions. I cannot see any reason why Government should not have adopted this policy of paying pensions to their lower paid servants at the same rate at which their higher paid servants are paid except that Government think it is intended for the higher and the middle classes of people. I see no other reason why their lower paid servants of the Postal Department should not be given pensions at the same rate as the other servants.

I wish also to say one word about the privilege of leave given to these people. The same discrimination is made. If the officer of the Postal

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Department is a low paid man, he is not given leave at the same rate at which other officers are given leave. I cannot understand the reason of it. If a high officer or even a subordinate officer getting Rs. 100 or Rs. 200 has some private work, he has the assistance of a servant through whom he can get his work done, but these low paid officers cannot afford to maintain servants for themselves. If they have any private work to do they must do it themselves. Comparatively speaking, these low paid officers really need more leave than the highly paid officers. Therefore I want Government to consider this question and give these low paid officers the same privilege as regards leave as they give to the other classes of officers.

Sir, the Honourable Member in charge may tell me that the Government of India treat the low paid men of the other departments in the same way, and therefore the Postal Department cannot give pensions and leave to their runners and messengers unless all other departments do the same. Sir, I do not think that the Postal Department should plead such an excuse. If the other Departments are doing wrong, the Postal Department, if it is to be run on humane lines, should not follow them in that wrong. As it is a right thing to treat these low-paid men more generously, the Postal Department should take the initiative without waiting for the other Departments and do the needful in this matter. Sir, I hope the Member in Charge of this Department will give serious consideration to this question and I can assure you, on behalf of this House—though I am not authorised to do so (Laughter) that this House will consider their proposals for this purpose very favourably.

**Mr. B. Venkatapatiraju** (Ganjam *cum* Vizagapatam : Non-Muhammadan Rural): Sir, what my friend the Honourable Mr. Neogy wants is that this Department should be run on business lines, but what he does not want is that you should make any profit. If there is a possibility of saving, the savings should be utilised for reducing the post and telegraph charges. Though we are told that the Post and Telegraph Accounts are being considered on a commercial basis by experts engaged on that work, I expect that those persons have prepared one set of accounts and the Department another set. I may in this connection refer to the answer given by the Honourable Mr. Chatterjee to a question put in this House on the 1st February 1924, with regard to how far the recommendations of the Incheape Committee have been carried out. The reply was that the estimate had been reduced to Rs. 9,48,64,000, and in the column under Reduction in 1923-24 the amount is shown as Rs. 75,68,000. Now the present demand is for about Rs. 8,16,90,000. If we increase for the Indo-European Telegraph Department also it comes to only Rs. 8,50,00,000. These figures do not help us to understand what was wanted. On page 2 it was stated that after deducting credits for services rendered, the net total came to Rs. 9,90,50,000. So far as laymen are concerned—perhaps experts might wade easily through these figures—it is extremely difficult to understand what is the actual amount that is spent on working expenses of the Postal and Telegraph Department. Are the 8 crores a votable item and the other a non-votable item? Where are we to find that?

**The Honourable Mr. A. C. Chatterjee:** They are all given in Appendix A, both votable and non-votable. You will find them in the details from page 7 and onwards. There is an abstract on page 5.

**Mr. B. Venkatapatiraju:** I appeal to the Honourable Mr. Chatterjee to place the information in a more convenient form in order that we may be

able to see the items clearly instead of having to go through 90 pages of print in order to find them. I would advocate some easier method. We do not find the same difficulty in understanding the accounts of other departments.

**The Honourable Mr. A. C. Chatterjee:** If the Honourable Member will tell me exactly what he does not understand I will try to explain.

**Mr. B. Venkatapatiraju:** I do not understand the reply given by you on the 1st February, with reference to the reduction made and reducing the Budget estimate to Rs. 9 crores and 50 lakhs, whereas in the Retrenchment Committee's recommendation the amount is different. They wanted us to limit it to Rs. 8.82 crores.

**The Honourable Mr. A. C. Chatterjee:** I will be able to explain that.

**Mr. B. Venkatapatiraju:** We find here 9.33 crores and the Demand was for Rs. 8,16,90,000. Whatever it may be, our difficulty is in understanding it, though there is nothing in the accounts to puzzle a person who understands them. But all the same we feel that since September 1918 telegraph charges have been increased from 8 annas or sometimes 6 annas to 12 annas, and there is no indication, or there is no possibility, I suppose, of reduction in those telegraph charges. And secondly, we do not find any indication of any reduction in the postal charges with reference to postcards or letters. We know that, when the Department was running at less expenditure and giving a larger amount of savings to general revenues, we had a lower rate on letters. Even in those days before the amalgamation of the Posts and Telegraphs, we were making some profit. Even in 1891 we made a profit of 31 lakhs under Posts and 26 lakhs under Telegraphs and in 1898 50 lakhs under Postal and 25 lakhs under Telegraphs, and in 1900-01 58 lakhs under Postal and 34 lakhs under Telegraphs. These Departments were making some profits at that time though the people were not asked to pay double the amount for sending their letters. My first request is, is there any possibility of securing a reduction in these rates by economising the expenditure? It was suggested that the Chancellor of the Exchequer had promised reduction, but I say he has also reduced the charge for letters from 2d. to 1½d. Therefore, there is a reduction even in England, and I hope the Honourable Mr. Chatterjee will induce Sir Basil Blackett to allow him to reduce either the telegraph charges or the postal charges. I may invite his attention to the Annual Report on Posts and Telegraphs for 1922-23, which shows that in Bengal one post office serves about 40 square miles and a population of 15,000, and in Bombay 50 and in Burma 518 and in U. P. 68 square miles and 20,000 people. Is it not possible, Sir, to increase the number of post offices? The ready reply of the Honourable Mr. Chatterjee is, with one voice you want economy in expenditure, and with another voice you want more facilities, the opening up of more post offices. It was done and it could be done by paying the market value to the people who are prepared to work it along with other vocations. We know that in rural places school masters, by taking an additional salary of Rs. 5 or Rs. 8, are carrying on the duties of postmaster and doing some work. Well, if it is not possible to start an important and complete office with all its paraphernalia, cannot we open such offices in all important villages, so that it would give additional facilities to the people? I want also to inquire whether it is not a matter of economy to reduce the telegraph charges because at one time it was stated that, by increasing the rates, the number of messages has gone down. By reducing the rate and also keeping the

[Mr. B. Venkatapatiraju.]

higher rate for early transmission, you could realise both. You could give relief to those who are satisfied with deferred telegrams and you could increase your income by the higher charges.

And one more thing, Sir, I would like to add. Perhaps the Honourable Mr. Chatterjee was made aware of the Resolutions passed by the All-India Postal and Telegraph Men's Service Conference. They have sent copies to Members of the Assembly as well as to the Honourable Mr. Chatterjee, and some recommendations are made therein. We cannot examine them ourselves because we do not know how far the recommendations made therein are acceptable, but with reference to one or two points, I wish the Honourable Mr. Chatterjee would find it convenient to say whether it is not possible that the Director General's Office could be reduced to small dimensions as recommended therein. They say:

"The Director General's Office should concern itself with matters having relation to Foreign Postal administration only, besides the work of pure control of Inland administration. This can be done easily instead of unnecessary centralisation of work in the Director General's Office, the circle administrations are made practically autonomous."

I leave these suggestions with the Honourable Mr. Chatterjee. They also suggest that the appointment of Superintendents are quite unnecessary.

**The Honourable Mr. A. C. Chatterjee:** Entirely wrong, at least that is what the Superintendents say.

**Mr. B. Venkatapatiraju:** What they have stated is correct, but perhaps the Member in charge may not approve of that recommendation. But what they said was that the appointment of Superintendents were quite unnecessary and they might be abolished with advantage. This would secure a large saving and that it would at the same time improve the working of the administrative machinery. These are the two suggestions they made besides various other suggestions. I would like the Honourable Member in charge to see his way to reducing the rates, economising the expenditure and offering additional facilities to the people. With these words, I will support the motion, as I also gave notice of a similar motion.

**Dr. H. S. Gour** (Central Provinces Hindi Divisions: Non-Muhammadan): As I am also the author of a similar amendment, I may be permitted to contribute a few words to this discussion. In the first place, Sir, when I sat listening to my Honourable friend, Mr. Joshi, and my Honourable friend, Mr. Neogy, I reflected within myself that the position of the Honourable Mr. Chatterjee was by no means an enviable one. The one wants reduced charges, the other wants an increase of the holidays. How these two steps are reconcilable with one another is one which I have no doubt Mr. Chatterjee and Mr. Geoffrey Clarke will reconcile. The third gentleman, my friend, Mr. Venkatapatiraju, wants more post offices, and all three agree that there must be economy in expenditure. The result therefore is they want more facilities, more holidays, more rural post offices and yet reduced postage. Now, Sir, it may appear paradoxical, but it is a fact that the more you reduce the postage, the larger will be the volume of business done in the Post and Telegraph Department, and the solution, though it may appear at the very commencement to savour of an impossibility, is a solution which every commercial man in this

House will endorse. We know of a well known make of motor car which is turned out by several thousands every day, and we know that it is on account of that mass production and its cheapness that it has been able to outrival all the cars that are made in the world.

The cheaper your postage is the larger will be the volume of business. Now, Sir, for the last two years we have been struggling for cheap postage. In the first year when we asked for cheap postage Mr. Geoffrey Clarke, whom I am glad to welcome back to this House, used the following terms. I am constrained to quote his words because in an interpellation which I addressed to him the other day he said that I had not correctly represented him. I have since verified my question and his answer and I shall now give this House his exact words. They are printed at page 3574 of the proceedings of this House, dated the 22nd March 1922. Now what did he say on that date? He said:

“ Well, from the point of view of my Department such a position puts a stop to all development. I shall get no money either from this Assembly or from the Finance Department and, as my Honourable friend, Mr. Subrahmanayam, has pointed out, there is much to be done, especially in rural areas. Now, it is an extraordinary thing that these low postal rates have proved a very great impediment to the development of rural postal facilities in India. In very few words I will explain the position. When we want to open a post office in rural areas, we open an experimental post office. The average cost of such an office some years ago was about Rs. 20, namely, Rs. 5 or 6 to the Branch postmaster, who was not a wholetime servant, Rs. 7 to the postman and Rs. 7 to the runner to carry the mails to and from the post office. For that Rs. 20 we asked for a revenue of Rs. 25, which represents roughly a traffic of about a thousand articles a month. If the revenue of Rs. 25 was obtained that post office was established and it was made permanent. What is the position to-day. The position to-day is that we cannot open a rural post office under Rs. 40.”

Now that was a special plea and a very strong plea which weighed with myself, Sir, and with my Honourable Colleagues in the late Assembly; and Mr. Geoffrey Clarke rode to victory. The increased postage was granted, though grudgingly granted, on the assumption that the development of the rural post offices should not be prejudiced by non-increase of postal rates. Next year we again harked back to the same question and we said—you have increased these postal rates, the volume of business is going down, you are not making as much money as you ought to have made, your anticipations have not been fulfilled; let us know if there has been a commensurate development of post offices in rural areas. Well, Sir, next year Mr. Sams was the incumbent of the office now adorned by Mr. Geoffrey Clarke. That was last year in March. He said—I am again quoting from the proceedings of the 16th March: “ We are trying to develop the postal system ”; and then he pointed out “ Dr. Gour will immediately say obviously the postage has gone down.” I may explain that I had pointed out that the number of articles that the Post Office carried automatically fell with the increase of postal rates. This was the reply. After giving the sale of postage stamps which had materially gone down, he said:

“ Dr. Gour will immediately say obviously the postage has gone down, but I may remind Dr. Gour that the new postage rates came into existence on the 24th April. It therefore shows conclusively, Sir, that something else was operating and not merely the higher rate of postage.”

The theory of *tertium quid*. That is a very powerful weapon in the armoury of my Honourable friends opposite. When they have to explain away a fact that stares and glares them in the face and they have no explanation to give, they say “ Some other cause is interfering with our calculations.” I think Mr. Geoffrey Clarke might enlighten this House

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as to whether since the time when this statement was made there has been any improvement in that direction. If I remember, a question was put to him and the reply that he gave then was that there has been a reduction in the transmission of letters and in the total sum anticipated by the Post Office from the sale of postage stamps and postcards. I therefore submit that the enhancement of the postal rates has not led to the anticipated benefit which was predicted from that source. Let the Honourable Members remember we were told that the development of rural post office was not possible unless we sanctioned the enhanced postal rate. I have read to you in the very words of the Honourable Mr. Geoffrey Clarke the statement which he made on the floor of this House two years back when it acceded to the demand of the Government benches for the enhancement of the postal rates. The second thing we then feared and we expressed our fears last year was that the increase in the postal rates was likely seriously to prejudice the number of postal communications and consequently postal receipts, and we have still to receive a reply from the Honourable Mr. Chatterjee as to whether receipts have responded to the enhanced postal rates. It does not follow that, because you keep on increasing your postal rates, you will get more revenue. That, I submit, is not a sound economic or political policy. We have been telling the House, Sir, for the last 2 years that our constituents strongly represent to us, and I have been receiving telegrams for the last three years insisting upon our old advocacy for the reduction of the postal rates. I therefore venture to ask the Honourable Members opposite as to why this postal rate which was raised to 3 pice and 4 pice on a letter of 2½ tolas should not be brought down again at least to 3 pice, if not to 2 pice. I am quite prepared to go back to that intermediate stage which resulted in the enhancement of the postal rate from 2 to 3 pice. I therefore submit, Sir, that we have made out a strong *prima facie* case for the reduction of the postal rate. Now we shall be receiving from the Honourable Member in charge of the Department the conventional reply that we cannot afford it. Well, Sir, whether we can afford it or not, we shall be able to see from the report of the Incheape Committee. If Honourable Members will turn to page 109 of the Incheape Committee's report, they will find that the actual expenditure on post and telegraph offices in 1918-14 was 4 crores and 48 lakhs. It rose to 10 crores and 17 lakhs in 1922-23. That is to say, within a period of ten years the expenditure on the post and telegraph services has gone up by two and half times. Now, Sir, I wish to ask, is this large increase justified? I shall let the Incheape Committee answer that question. Referring to the increase in the salaries all round, in paragraph 7 at page 98, of their Report, the Incheape Committee animadverted unfavourably upon this great increase that has taken place in the salaries of the superior staff. In paragraph 8 of the Incheape Report, we find this: "The number of officers employed have increased from 51"—I think 518 if I mistake not because there is a figure omitted—"the number of officers employed have increased from 518 in 1913-14 to 679 or by 32 per cent." Now I wish to know, why did you increase the officers by one third within this short time? The Director General has agreed that one of the six Assistant Directors General might be dispensed with. Well, Sir, there is an admission that the superior postal staff could be reduced and was reduced as was admitted before the Incheape Committee.

Now, Sir, I turn to the general conclusions arrived at by the Incheape Committee on this point.

(At this stage Mr. President vacated the Chair, which was taken by Colonel Sir Henry Stanyon.)

Their general conclusions are nine in number, but I would not advert to all of them. I shall first ask the Honourable Mr. Chatterjee who is in charge of this Department, whether he has carried out recommendation No. 3, that is, that outside tenders should be obtained for the construction of large postal and telegraph buildings, or whether the Public Works Department is still employed for the construction of these buildings. Paragraph 7 says: "The Financial Adviser be associated with the Director General to assist in the control of existing and future expenditure." Now, I wish to know whether the Government have accepted this recommendation and employed a Financial Adviser, and if so, with what result. It is not merely necessary that you should add to the cost of a Financial Adviser, but the Financial Adviser should be asked a question by Mr. Clarke, "Well, Financial Adviser, do I keep you or you keep me?", and if the Financial Adviser is not able to answer that question, out he must go. That, I submit, is a question which must be asked of the Financial Adviser of the Post and Telegraph Department.

Now, Sir, I have said all that I had to say. I will sum up briefly my remarks on the subject. In the first place, I have pointed out that during the last three years the increase of postal rates on letters and postcards has been received by the country with the utmost unpopularity, and that unpopularity has not abated with the efflux of time. Therefore, I submit you have to pass in annual review the position of the Post Office and satisfy the Members of this House that the enhancement we sanctioned two years ago is still necessary and indispensable in the interests of the post and telegraph services.

The second point I wish to make is, if you make a general statement that you will have a deficit if the post and telegraph rates are reduced—and I am at the present moment confining my remarks to the reduction of the postal rates particularly upon letters and postcards—I wish to know how do you account for the decreasing volume of business under those heads and do you think that the enhanced revenue that you have received is sufficiently compensated for by the reduction in the popularity of the letter and postcards which, as one Honourable Member remarked, is conducive to mass education? Now, Sir, that is a question which must not be lost sight of. I do not agree with my friend Mr. Neogy—I have not agreed with him since the last two years,—on this point. I find that he followed me two years back upon an identical Resolution in which I was a protagonist. I do not agree, Sir, that the Post and Telegraph Departments must be a burden upon the State, but what I do say is that the accounts should be commercialised and that these departments must be run on sound, economic lines. The Inchaape Committee applied the best, and when they did so, they condemned the Post and Telegraph Department. They suggested in the whole of their Report that there is great room for economy in expenditure, for re-organization in the department, and they summed up their recommendations which, as I have pointed out, Sir, are printed at page 107. I therefore submit that, when the affairs of the Post Office were passed in review only about 12 or 15 months back, they did not pass the scrutiny of the Committee specially appointed to investigate into the economy and efficiency of the Post and Telegraph Departments. That, Sir, fortifies and emboldens us in returning to the charge that we made two years ago that the postal rates must be decreased. I have said by way of compromise, let them be decreased on letters to what they were

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before the ~~any~~ postage was introduced, and I think then there will be a chance of balancing the postal budget, and we shall probably not have the surplus, nor the complaint from the Honourable Mr. Neogy that one crore and 14 lakhs of rupees are being purloined from this department by the Finance Member. I therefore submit, Sir, that we are entitled to press this Resolution to the vote unless we get satisfaction from the Honourable Mr. Chatterjee, of which I see but faint hope. I move also the amendment to the same effect.

**Lieut.-Colonel H. A. J. Gidney:** Sir, after what the last speaker has said, my remarks will be very few on this motion. I shall confine them to two items on which I seek information from the Honourable Member in charge of the department. They relate to the two superior branches of the Telegraph Department. We have in the Telegraph Department a first division of Traffic officers. In the cadre of this division, 14 appointments are allotted for those selected men who are promoted from the subordinate ranks. Now, 25 per cent. of this upper division of traffic officers' appointments should be held by officers promoted from the subordinate services. But to-day we find that 8 out of these 14 allotted appointments are held by officers who belonged formerly to the superior engineering department, one is occupied by an outsider, and, only 5 out of these 14 are to-day occupied by subordinate officers promoted to this higher grade. Sir, if this is allowed to continue, it means that at this rate it will take 16 years more before the remaining 9 posts will be absorbed by subordinate officers, always granting that no outside recruitment is resorted to on any plea whatever. The next point and Department on which I seek information, Sir, is the superior engineering branch of the Telegraph Department. Out of a total cadre of 58 superior officers 14 appointments are reserved for officers promoted from the subordinate department. Only 7 of these appointments are to-day filled by promotion of selected subordinate officers and it will take 30 years more before the sanctioned 25 per cent. is arrived at. The present rate of progress, Sir, is that, out of every 4 vacancies caused either by death or retirement, only 1 is given to the subordinates, 2 are recruited from England and 1 from Indian Colleges. Sir, this is truly a very tardy process and progress to give substantial effect to the ratio of 25 per cent. of the total appointments which should be filled by deserving subordinates. I submit, Sir, that it is up to the Member in charge of this Department to give the House an assurance that this rate of promotion will be accelerated and to effect this I would submit for his consideration that every alternate vacancy, as it occurs, should be given to subordinates. I would in addition suggest to him some equitable adjustment by transferring some of the engineering officers from the Traffic to the Engineering Department, or *vice versa*. The promised ratio of 25 per cent. which I submit is inadequate would thus be more easily and without any disjointed effect on either class of officer obtained within 10 years. I offer this for the very serious consideration of Mr. Geoffrey Clarke, who I know has very near at heart the welfare of his subordinate officers and who, I must admit, has shown every degree of appreciation and recognition of the work of his men, especially the upper subordinate branches, an appreciation which has not been equalled by the heads of any other Department in the Government of India. There is no doubt that the sympathy, recognition, kindness and consideration which have been shown to capable subordinate officers in the Telegraph Department irrespective of caste, colour and creed, by the

present Director General, Mr. G. Clarke, is one of the most pleasing features of his Directorship and the reason why there is such contentment, comparatively speaking in this Department, to-day. Well, Sir, I want him to go a little further. I know that there are certain powerful departmental factors pulling him the other way. I know there is a feeling among those old officers recruited in England, especially in the Engineering Department; that these appointments should be kept as a preserve for them and them only as long as possible. That they stoutly resent this intrusion into their sacred preserves and ranks by subordinates. But there are a number of subordinate officers whom, I am sure, Mr. Clarke will agree with me are fully qualified to occupy positions of great trust and responsibility. 25 per cent. of these appointments is the sanctioned claim of the subordinate service. I therefore ask him if he cannot increase this ratio to at least that percentage and to assure me that he will reach this percentage if not at once at as early a date as possible.

Now, Sir, taking the motion moved by Mr. Neogy in its very broadest view, and the reply given. The Honourable Mr. Chatterjee has offered to Mr. Neogy a gift of 24 lakhs, the surplus. He said: "I leave the disposal of these 24 lakhs to Mr. Neogy." We have just listened to Dr. Gour who suggests a battle of efficiency *versus* economy. He now asks for lower postal rates as he did in 1921. I submit that the Post and Telegraph Department, like the Indian Army, is an unsuitable field on which to indulge in a battle of "Efficiency" *versus* "Economy" the best is the only thing India will accept and this wants ample money. Unnecessary retrenchment must impair its efficiency. Sir, we have here a surplus of 24 lakhs. If there is any difficulty in the Honourable Member's mind as to how this money should be spent and apportioned, I would suggest for his consideration, certain facts with which I am sure he is very familiar by now. Certain complaints have reached me, as also many Members of this House, of the great hardships which are being felt by a large number of subordinates situated in various parts of India, especially in Burma, for example, isolation at Coastal Wireless Station, Presidency House allowance, curtailment of the date of the retrospective effect as has recently been unfairly given in the case of Compen-satory Rangoon allowance, that is, from April 1924, etc. I ask the Honourable Member in charge to consider whether it would not be to his advantage to have in his Departments contented servants, no matters what be the sacrifice or price paid. Great as is the sympathy which I know for a positive fact Mr. Clarke has for his employés, yet I think he will agree with me that there is still some discontent—and apprehension in the ranks of the men and he knows more than I can tell him not on the main issues, but on those minor points which go to make all the difference between heaven and hell in their existence in many of the expensive as also isolated places in which they are working. I suggest to the Member in charge, since he seems prepared to make this gift to Mr. Neogy, to give him the choice of using half of this 24 lakhs, towards increasing rural postal facilities, and the other half towards increasing salaries and those other allowances, namely, house, hill allowances, etc., which are so vitally necessary to many of the hard-worked subordinates in the Postal and Telegraph Department and for which they are asking. Will Mr. Neogy accept this? (Mr. K. C. Neogy: "No, I will not accept this condition.")

**Mr. G. R. Clarke** (Director General of Posts and Telegraphs): Sir, the Post and Telegraph Department is really in the position of a person between the devil and the deep sea. We are asked here by Members to

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increase postal facilities and to do what we can to reduce rates. On the other side, we are continually asked to run the Department more economically. Now, I am surprised at Dr. Gour making an attack on the efficiency of the Department. One thing the Department does pride itself on and it is the effort to retain its efficiency. When the Inchcape Committee met last year I was asked to reduce the Budget of this Department by 1,37 lakhs of rupees. We actually reduced by 1,45 lakhs and again we made a further reduction, so that we really saved 20 lakhs more than the Inchcape Committee asked. Now, we could not make that reduction without practically cutting down and reducing almost every branch of the Department. We reduced the number of deliveries of which you complain now, and in some respects postal facilities were reduced. In reducing the number of deliveries we reduced the number of postmen. We also stopped completely our programme of new postal buildings. We reduced the furniture of our post offices, till now they are in such a state that many of them have furniture that is too disreputable to carry on with. We also failed to deal with the problem of improving rural facilities. In fact, far from improving them, we have, as Dr. Gour has rightly pointed out, actually reduced the number of our rural post offices in places where they failed to pay and in places where we considered them to be unnecessary.

Now the question of the postage rates, which this House accepted two years ago and accepted after having considered the arguments on these postal rates from every possible point of view, is one which I find is coming up again to-day. Dr. Gour quoted what I said about postal rates and their effect upon rural post offices. Those remarks I am willing to repeat to-day as being absolutely correct, namely, that a low postage rate, according to the principles on which we open post offices, is a hindrance to postal development in rural tracts, and I cannot explain it any better than Dr. Gour has done by reading an extract from the speech which I made in 1922. We were quite ready to increase rural facilities, to open rural post offices. It has always been the policy of the Department to do so. But we were faced with a wholesale campaign of retrenchment. We practically got orders to cut down in every possible direction. We did so and we could not see ourselves justified, after cutting down at every step, in opening a large number of unremunerative post offices in the country. Whatever your postal rates are, your rural post offices, in any country not in India alone, do not pay. They may just barely pay their way, but taking into account overhead charges and other expenses, they do not pay. The better the postal rate, the better the chance they have of paying their way. But I agree that we cannot expect our rural post offices, in a country like India to pay their way. It is part of the duty of this great Department to maintain its postal service in rural tracts without actually looking for any profit upon those services. There is no good pretending, as some of the Members have said, that the rural post offices in India provide a substantial return. They do not provide a substantial return in any country and they are not expected to do so. Rural post offices are the pioneer offices of the country. They are the tentacles spread out by the Department in order to increase its field of operations. As time goes on, I admit that in some of these places, schools or colleges may grow up and then these offices may begin to pay. But the offices in outlying villages can never be expected to pay their way. There is no good bringing in statistics showing that there are so many post offices per square mile or so many post offices per head of the population. Those statistics are really not of any great value in a country where only 5 or 6 per cent. of the

population are literate. The development of post offices goes hand in hand with the development of education. If you will open schools in your villages and towns, we are ready to open post offices there. They will always follow schools. Post offices will always follow the spread of education. There is no other real principle. Of course they follow commerce also, but then trade is also a matter of education. But throughout the extent of a vast country like India, they will follow schools and it is the schoolmaster who will become, as a rule, the village postmaster. I do not know whether I need say anything more on this point of rural post offices. The amount provided in the Budget for next year is Rs. 40,000. I quite agree with Mr. Ramachandra Rao that this sum is not sufficient to extend rural post facilities in this country as they ought to be extended. Our policy is to open an experimental post office wherever we think that a post office is necessary. If that office pays its way, we make it a permanent office and it becomes a part of our postal system. I might explain very briefly that the rural postal system consists of the post office and the village postman. The rule that has hitherto existed is that if we find that a village in a postman's beat is giving Rs. 10 a month in postage and an office is considered necessary, one is opened there. If the office costs Rs. 20 we expect that it will give us Rs. 30 a month in revenue. That is, the new revenue should cover the cost. That is really what it comes to.

**Dr. H. S. Gour:** You mean that village only or the postal radius itself—the whole area which feeds the post office?

**Mr. G. R. Clarke:** The village and whatever villages are attached to the village postman's beat. We expect that village to give us back what we have spent. The new revenue coming from that village should cover the cost of the post office. The old system was that it should not only cover the cost, but it should cover also 25 per cent. in addition for overhead expenditure. We have now cut off that twenty-five per cent. We now require that the new revenue should only cover the cost. I have now modified even that principle, and I have asked my Postmasters General in all provinces to open post offices wherever they think really that they are necessary, whether they are going to pay their way or not. I have instructed them that any office which is fulfilling a useful postal purpose—whether it is fulfilling a useful postal purpose or not must be a matter of discretion—is to be retained; whether it is working at a profit or at a loss. I think that a campaign of that sort will enable us to extend rural post offices in the country very considerably. But, Sir, to do so, we must have funds. To open new post offices requires money. We cannot start a great campaign of opening new post offices with Rs. 40,000. You must remember also that if we spend, say Rs. 1½ lakhs on new post offices, it will throw a certain burden on the revenues of the following year. They may bring in certain revenue; but they will not bring in sufficient revenue to cover their cost. The matter of opening rural post offices, which I think is a matter of the very greatest importance, does depend on the amount which this Assembly is willing to allot for the purpose. I should say that we would make a very good start even next year with, say, Rs. 1 or 1½ lakhs.

As regards the increase in postal rates, Dr. Gour is very doubtful whether the Department has made any real profit out of these increased rates. May I give the figures very briefly? In 1921-22 this Department worked at a loss of 128 lakhs roughly. The postal rates were raised in the following year and the profit was 25 lakhs. During that period we lost a certain amount in telegraphic traffic, so that, you may take it that the

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postal rates accounted for an increase of Rs. 1½ crores. There is no question that the increase in the rates of post cards and letters has meant a difference in revenue to the Post Office of about Rs. 1½ crores. I agree with the Members who have said that the Post Office is a Department which must pay its way. It has never been our policy to earn a big profit. All we do ask for is that the Department should be in a position to pay its way.

Now, I have shown that the Inchcape Committee went into the working of the Department very very closely and cut us down by 137 lakhs. We went further and we cut down 20 lakhs over that. I do not see any way of working the Department any cheaper. Our working expenses have been cut down as far as they can possibly be cut down consistently with the efficiency of the working of the Department. If on top of this the postal rates are to be reduced, the revenue will go down by another Rs. 1½ crores. That is, you will have a loss of Rs. 1½ crores in the working of the Department and that will at once have to stop all development and all improvement. One talks of the increase in postal traffic as a result of the decrease in rates. Let me give you the results in England. In England the postal rates were reduced from 2d. to 1½d.—that is the initial rate and that is really the only rate that counts. They were reduced by 25 per cent. What was the increase in letters? 5 per cent. I have the words of the Postmaster-General that there was only a 5 per cent. increase on a 25 per cent. reduction in rates. What does the Postmaster General say after that? He cannot face the problem of reducing the postage rates in England from 1½d. to 1d. He could not face it on account of the enormous loss that would be involved. I admit that there has been a further statement since then but in England they have not reduced the rates yet. If we compare that position with India, we have to carry a letter five and six times the distance they have got to in England, and we do not get the volume of mail that they have to handle, and it is more expensive to handle our mail. Yet our letter postage is only two-thirds and our post card is only a half the price and we have to carry that letter or post card five and sometimes six times the distance. The postage rates of India, considering the size of the country, are perhaps the cheapest postage rates in the whole world. I am told that they affect the poor man. The actual result of an increase of postage rates in India has been that the biggest reductions in the number of postal articles have been in the towns and the smallest reductions in the villages. What has really happened is that the merchants and traders who use the post office for circulars and business correspondence—and there is an enormous quantity of circulars—have reduced this expenditure in postage to save cost. That is what happens in towns. In a village a man does not write a letter for fun. He writes a letter because he has to write it. He writes a post card because he has to write one and he is going to write that letter and he is going to write that post card whether it costs a quarter of an anna or half an anna. As a matter of fact, in a large number of villages, as you all know, the man who writes a letter does not pay anything because it is the man at the other end who has to pay.

I should now like to deal for a moment with Mr. Joshi's remarks on menials. As he himself understands, the rules relating to pay, pensions and gratuities granted to menials in the Department of Posts and Telegraphs are based on those relating to the pay, pensions, and gratuities which exist in all other Departments of the Government of India. Mr. Joshi finds fault with the word menials. There is nothing wrong with

that word. A menial is a man who works with his hands. It is perhaps a better term than "inferior servants" which is the other term used in the Civil Service Regulations. It includes a large body of workers who do packing and stamping in our Department. Now, the pay of these men, when I joined the Post Office, was anything like from Rs. 5, 6 to 7. The minimum pay of these men now is Rs. 14 a month. The pay has doubled, more than doubled, right through the Department. I cannot and I am not prepared to give any answer to his argument about giving them better pensions. As I say, that is a thing which has to be decided by higher authorities than myself, and it concerns many other servants outside the Department of Posts and Telegraphs. We have been accused also of adding a large number of officers to the Post Office since 1913. The number noted by the Inchcape Committee was 88. Out of those 88 nearly 44 officers represented senior clerks whose pay was raised above a minimum of Rs. 250. They only got increased pay, and they were wrongly returned as officers in the Report to the Inchcape Committee. They were not really officers in the strict meaning of the term as understood by us and the Inchcape Committee. The other officers we have had to employ to deal with the enormous increase in our telephone service and the formation of a new Wireless Branch. I do not think that this Department can be said to be over-officered at all. The Direction consists, excluding the purely Electrical branch, which is hardly a part of the Direction but which in the Budget is placed under Direction,—of only 20 officers to deal with this vast department employing 120,000 men and to deal with telephones, telegraphs, telegraph engineering, traffic, wireless, foreign post and money orders, savings bank, insurance and the various other ramifications of work which we have to perform in the Post Office. For all this we have only 20 officers at headquarters. I do not think any sensible person who has had experience of a big business will declare this headquarters staff to be over-officered. There is no excess here; on the other hand our officers are overworked.

Colonel Gidney has made some remarks regarding the senior officers of the Telegraph Department. The senior officers of the Telegraph Department suffer to some extent from an historical ailment, that is, from the original separation of the Posts and Telegraphs. The Telegraph Department before 1913 was completely separate from the Post Office, and these officers, upon amalgamation, had to be provided for. The purely traffic branch of the Post and Telegraph Department was officered to some extent by some of the old engineering officers and those engineering officers, who elected for traffic at that time, are still in that branch and we have not worked them off yet.

(At this stage Mr. President resumed the Chair.)

I think that before many years are over they will be worked off and the traffic branch will then consist entirely of men who have been promoted from the subordinate branches. The recruitment for the senior engineers in the Telegraph Department—it is practically the only European side of the Department now—is at present effected as follows. We recruit fifty per cent. of our men from England, 25 per cent. from Indian colleges and 25 per cent. from subordinates. I cannot at the moment check Colonel Gidney's figures that instead of 14, the number of promoted subordinates is only 9. (*Lieut.-Colonel H. A. J. Gidney: "7"*.) I will examine that, and if it is so, will see what can be done to remedy it. The figures of recruitment however came up before me not very long ago, and I was certainly

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informed that the correct proportion of promoted subordinates was maintained. However, that is a matter which will be examined.

I do not think I have anything more to say on this particular motion. The Postal Department will take every step it can to develop rural facilities, but, from my point of view as Director General, I do not think that we can offer any promise or hold out any hope, if we are to carry on this Department efficiently, of reducing the present postal rates.

**Mr. K. O. Neogy:** In view of the very handsome offer of Rs. 24 lakhs made by the Honourable Mr. Chatterjee to me, to be spent just as I like, I beg to withdraw my motion.

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

**Mr. K. Rama Aiyangar:** The discussion on the previous motion has covered very many grounds. A number of other motions have also been practically discussed. I wanted to have my first motion\* discussed also, but I had no opportunity. Therefore, I will only place before Honourable Members on the other side the points which I wish explained. It is more or less a motion for knowing the exact position in which we stand. My impression is that the position relating to rural post offices that has been so well explained by Mr. Clarke deserves to be further clarified. The first point I wish to place before the Assembly is that there are two time tests which were referred to in a recent answer. Why was the latter time test introduced for the Postal Department, and where was the need for introducing that time test? And how does it affect the number of postal officers that will be entertained? That is a fresh point on which I want information. I also want to mention that this matter of Retrenchment ought not to work heavily against the officers of that department. I want to know where that matter stands and I want to press for the old time test being maintained unless I am satisfied that there was need for revision and that it does not press hard. That is the first point which I want to place before the Honourable Members on the other side.

The second point is this. I understand that the leave reserve is about 17 per cent. There have been various representations made, and even the officers of Government have been parties to the Resolutions passed, that the percentage may be raised to 25. I should very much like relief given to this department and I am in entire sympathy with the remarks made by the Honourable Mr. Joshi on that point. I should not press it if I am satisfied that every consideration has been paid to that matter. I do want to know how this matter stands from the point of view of these officers who are worked very hard and who ought to have a sufficient leave reserve. This reduction of staff, as has been explained by the Honourable Mr. Ramachandra Rao, is inconsistent with the demands in the country. Of course it has been explained by the Honourable Mr. Clarke that he himself is very sorry and he had to carry out the cut recommended by the Retrenchment Committee and that he had to do his best in the matter. If the cut is made and everywhere there is dissatisfaction it will be very difficult to get over the position. The discussion has shown that he wants more money. It is for the Finance Member and the Member in charge to find out where the money will come from and I

\* "That the provision under sub-head 'Presidency and District Offices—Post Offices—Detailed Account No. 3-C (Appendix A, page 16)' be reduced by Rs. 100."

shall make certain suggestions later on, because it is not proper to bring this in under this Resolution. The extra staff has to be provided and I find from the answer given by the Honourable Mr. Clarke recently on the 1st February that he has had to cut down about 255 clerks, 900 postmen and 828 peons. All these give only about a 5 lakhs cut. The work is considerably more and this is not the proper way to effect the retrenchment. Other methods are suggested but this method seems to have been adopted. Doing away with a lot of establishment in order to effect a small saving is not the best way of doing it, especially when the general complaint in the country is that the department should open more sub-offices in rural areas. I am not able to follow the principle of that cut. In fact it would have been much better if, as has been recommended by the Committee, the bigger cuts were made. Why not effect the cuts as recommended by the Committee? An explanation for this is also wanted.

The next point I want to place before the House is that there seems to be a general complaint that very large recoveries are made  
 6 P.M. from the postmen and the clerks and officers. I understand there are heavy losses also; but the method adopted is not the best. What methods are being adopted to avoid such losses? Is the recruitment bad or has some other thing to be done. What is the real disease and what is the remedy that is proposed to be applied? What I find is that a very large amount has been recovered and that is only a very small percentage of the total amount lost. Both the things must be rectified. It may be that they are overworked and therefore leakages take place. It may be that they are really committing frauds or misappropriations. The thing has to be sifted, the loss of such large property and also the recovery from poor clerks who cannot be expected to pay for all this lost property must be avoided. There must be some solution for that purpose. Are any steps being taken to solve these difficulties and prevent these losses?

The last and most important thing I want to place before the Assembly is this. I want to know from the Honourable Member in charge of the department how they allocate the income between the Post and Telegraph Departments. I find in the note published in the present Budget that steps are being taken to allocate it but Mr. Clarke has dwelt on the effect of those incomes and the expenditure for each department and he said that the post office overspent one crore and odd before 1920-21 and that after the increase in rates there was some saving. Of course I find that a number of incomes of the Department which were not previously brought under the head of the Department have been brought in. I find the savings bank, the cash certificate charges, the postal insurance fund and the army mobilisation stores and the customs duty but I understand that there are other revenues that will have to be allocated. Is the amount derived from the combined offices of the Post Office which do telegraph work allocated to the revenues of the Postal Department in proportion? Do the remarks made by Mr. Clarke include that kind of revenues for the postal side? These are questions that require to be solved, because the rich and the poor man must have greater postal service especially in view of the higher rates. It has also been stated by the Honourable Mr. Clarke that the merchants and others in the cities finding the extra charges too much have their own messengers and avoid sending letters by post. Such being the case, the whole position will have to be explained, so that I may know where we stand with regard to the many grievances, before I press the motion.

**Mr. President:** The question is :

“ That the provision under sub-head ‘ Presidency and District Offices—Post Offices—Detailed Account No. 3-C (Appendix A, page 16) ’ be reduced by Rs. 100.”

**Mr. G. B. Clarke:** With reference to Mr. Aiyangar's remarks about the time test. As a result of a new time test we found last year that we were 700 men short in our staff. Since then, however, with the revision of the postage rates there has been very considerable falling off in the amount of work, reckoned at about something like 20 to 25 per cent., and taking into consideration the reduced amount of postal traffic, owing to the revision of the rates, we calculated that the actual staff in 1922-23 was not inadequate for the work which had to be done. We are now considering again, as the volume of traffic is increasing and coming gradually and steadily up to the old rate, what amount of staff is necessary on the revised time tests, and every Postmaster General has been instructed to consider the staff necessary for each office in his circle, and if any additional clerks are required, to have them employed.

The leave reserve referred to by Mr. Aiyangar is 17 per cent. In ordinary business 17 per cent. is not considered an inadequate leave reserve, but in the Post Office a claim has generally been made by the staff for leave reserve amounting to 20 and in some cases to 25 per cent. It is very hard to say whether so high a leave reserve is justified; but I can only say that in many parts of India the absentee list is 20 per cent., so we have to carry on work with the balance of our staff. I am taking up the question of leave reserve with the Government. There are certain factors connected with it which it is rather difficult to discuss now; but, ordinarily, one would consider 17 per cent. a sufficient leave reserve with which to work any business concern.

Mr. Aiyangar referred to recoveries from the men. The principle in the Department is that the men are responsible for the money in their charge. If a man loses any article of value, he is responsible for the value of the article. In very many cases we cannot recover the total amount but only a very small fraction of it. For the benefit of those who have recently been accusing the Department of inefficiency and our staff of dishonesty, I would like to give a few figures of what happened last year. In 1922-23 the statistics show that only 7 out of every ten thousand articles failed to reach their destination, compared with 18 in the previous year. Out of 1,512 millions of rupees worth of insured parcels, only Rs. 122,000 were lost. Out of 44 millions of registered articles the amount of compensation paid was only Rs. 12,000. Out of 1,278 millions of rupees in money orders the amount lost was only Rs. 89,000, of which we recovered from officials about Rs. 50,000, leaving Rs. 39,000 to be paid by Government. The result of this is that in insurance work only Re. 1 was lost for every Rs. 12,000 value of insured articles, and in other classes Re. 1 for every Rs. 14,000 during the year. These figures speak sufficiently well for the honesty of the Department.

With regard to Post and Telegraph accounts, the matter has not yet been settled. When I referred before to the loss on the Post Office I referred to the loss on what I call purely postal articles, letters and post cards, not to the loss of profit on telegrams whether the telegrams were handled in a Post Office or in a departmental telegraph office. I said, if the rates are reduced, the loss would be 1½ crore on postal articles. That has nothing to do with the telegraph side. What Mr. Aiyangar is trying to get at is how much of the money put down as telegraph receipts is earned

in post offices. The amount is one which we are working out now and we hope to have the figures ready before the end of the present year or certainly very early next year.

The motion was negatived.

**Mr. K. Rama Aiyangar:** Sir, the Resolution that I propose to move is:

"That the provision for Telegraphists under the sub-head 'Presidency and District Offices—Telegraph Signal Offices—Detailed Account No. 3-E (Appendix A, page 20)' be reduced by Rs. 12 lakhs."

As I said yesterday, it is a pretty large amount that I want cut, but here I do not depend upon inferences but I stand on surer grounds, however much the matter might be taken up by experts and explained the other way. The Incheape Committee went into this question and arrived at the decision that 626 telegraphists might be dispensed with. That appears at page 94 of the report. The reply given by the Department is as follows:

"The Director General has shown that the sanctioned strength of telegraphists is not in excess of requirements. It appears that in making their calculations the Committee did not take into account the authorised proportion of telegraphists employed on non-operation duties, and the additional leave reserve thereon."

Just now I was referring to it in connection with the other Resolution. I wanted to know from the Director General if 17 per cent. revenue reserve was sufficient for the Postal Department. In so far as I see, there is not much difference between the two Departments as regards amount of work they have to do and the time they take over their work. However, he was quite satisfied that 17 per cent. was sufficient. Here in this Department they have the two provisions made one 24 per cent. extra telegraphists for non-signal duty are required by the Director General, and the other is the leave reserve of 17 per cent. In fact it will be seen from that 24 per cent. extra that is referred to in the answer that it is not really the trained telegraphists that are wanted, but only for non-signal duties. Whatever it may be, what do we find? Of course the Department is taking credit for the considerable reductions it has effected. I have only to read some of these reductions to see that they have been providing unnecessarily large amounts for small things, and they found it very easy to cut those figures. I will refer to some of these. I find that the cut recommended is Rs. 4,61,000 under reduction in expenditure on travelling allowances. The Department has been able to find a reduction of Rs. 8,02,000. That is what it says. That is the answer. I refer to page 68 of the Assembly debates for 1st February 1924. That is the answer and I only say that kind of reduction is a sample of several reductions that have been shown in many other departments, especially in the military expenditure, as per the Incheape Committee's Report. I wanted to dwell on that in my Budget speech, but I had no opportunity. However, where it is possible to me to point it out, I will do so. Making a general reduction under heads which were not pointed out by them, simply because there was an extra provision made under those heads, is not sufficient. There is another reduction which is more important: check over wastage in forms and consequent reduction in expenses of stationery and printing. The amount recommended was 3 lakhs, but the amount that has been actually cut down is Rs. 10,45,000. I do not think it adds very much to the position that might be taken by the Department that that is retrenchment. That only shows that the wastage has been abnormally large and they were able to make the cut very easily. And we find again that 84.8 lakhs was to be cut down under miscellaneous expenditure on the purchase of stores. They cut down 76.8 lakhs . . . . .

**The Honourable Mr. A. C. Chatterjee:** May I rise to a point of order? Do these various cuts to which the Honourable Member is now referring arise under motion No. 47, which is restricted to telegraph signal offices and telegraphists?

**Mr. President:** I was just comparing it with the statement in the book. I find the Honourable Member puts down his reduction as, "that the provision for telegraphists be reduced by 12 lakhs".

**Mr. K. Rama Aiyangar:** Exactly the point I am referring to. I point out that actually the reduction recommended is not made, and this is one of the points I am pressing that it ought to have been cut down, and I say that, merely because a total reduction is shown, it does not follow that the Retrenchment Committee's Report has been given effect to. It is only in that connection that I point these cuts out. Certainly it is relevant to show that it does not follow from that that the cuts have been given effect to. But the cut I referred to directly puts it at 626 men (I mean telegraphists). What I beg to point out is that the calculation made there I agree is not correct. The 24 per cent. has not been provided, but what I do say is they calculated on 100 million signal operations. Recently, Sir, a question was asked in this Assembly and on the 25th February 1924 we had the answer from the Director General. That is answer No. 481, and it shows that in the year 1922-23 we had only 78 million operations, and in the combined offices 20 millions. We are concerned now only with 78 million operations, and they think they have been retrenching and are trying their level best to keep up to the recommendations of the Retrenchment Committee. I will take it at 2 millions more, Sir. I will not take 78 millions; take it at 80 millions of operations for the year. If you do that, you arrive at a figure which, when this 24 per cent. and 17 per cent. are both taken into consideration, comes to 2,664. Exactly stated, it comes to this:—

1,904 telegraphists, adding 24 per cent. 2,284, and adding 17 per cent. 2,664.

That is the total number of telegraphists wanted. You have actually  $3,251 + 4 + 55 + 14$  or 3,324 men. That gives you 3,324 minus 2,664 or practically 660 telegraphists when you take 80 million operations being worked, and therefore 660 telegraphists should have been sent away.

Here is the real difficulty. I am also very anxious that people with some amount of training should not be sent away immediately. That may be a very difficult position, but you are on retrenchment and, simply because we entertained a lot more of telegraphists, it cannot be that we have to keep them on. We must so arrange that this relief is given to the Telegraph Department as far as possible, but I am not really concerned with their future. I am only concerned with retrenchment. If necessary, take another 5 million operations more, I have no objection, but how can you keep on an establishment much larger than what was almost accepted by the Director General; 42,000 operations for telegraphists is what was taken as the average. Probably the Members on the Treasury Bench think that mere arithmetic in this case does not show much of practical interest in affairs. (*The Honourable Sir Malcolm Hailey:* "No, very interesting.") Certainly I join issue in that matter. I know it is very difficult to send away officers, but it is not very easy to spend the tax-payers' money, which deserves some protection also. I quite understand that,

when the operations go up, and they have not gone up to one million except in one year, namely, 1921-22, a number of temporary hands might be increased. If they are permanent there might be a difficulty. It is a difficulty in all retrenchments, but when retrenchment is absolutely approved, it must be given effect to. I am not failing to recognise the importance of having margins in this. I am not failing to notice the difficulty that there might be in sending away a lot of people of that kind. I feel the whole position, but it is not very difficult to work it out as far as I can see. I only mention it as a constructive suggestion, because it is often said that we on this side are only ready with destructive criticisms and there is not much in the way of constructive proposals made. I am always prepared to take up that position also. The scale for telegraphists seems to be from Rs. 80 to Rs. 400 or so. In the case of clerks in the Post Offices, it seems to be from Rs. 60 to Rs. 140. I may not be very accurate in this because I have not quite posted myself up with this, but if there are mistakes, they do not very much affect the point I have raised. In the post offices we have got more than 80,000 employes. in the telegraph offices we have about three thousand and odd. Amidst all this you must be able to adjust these 600 and odd telegraphists. Put them into the combined offices or post offices. Take off the men from there and put them in the rural offices, so that the post office also will not be absolutely deprived of the use they ought to be to the country. At the same time, do not deprive these people of their appointments. That is a position that I only suggest as a constructive proposal, but this Assembly cannot go into the question at all. This Assembly has to safeguard the interests of the tax-payer, and it has to place its arguments and methods before the Government. We may be told that sending away such a large number of telegraphists will affect the Department, and things of that kind. But apparently everybody acquiesced in the proposals that were made by the Committee, and it is right that the acquiescence should be adhered to. When we have 42 crores of extra taxation raised during the last few years, retrenchment has to be made, and I submit the cut that I ask for is feasible. I need not point out that out of the 60 lakhs provided for several telegraphists, the 626 that I ask for or that is recommended by the Committee covers about 12 lakhs. Will you permit me to move the next Resolution too, unless you want to have it taken up separately. I have no objection either way because it is only consequential on the same argument more or less though it covers a wider ground. I wait for a ruling.

**Mr. President:** The Honourable Member should confine himself to this motion.

**Mr. K. Rama Aiyangar:** On this Resolution then, what I place before the Director General is that that is the position that has to be worked up to. It is not impossible to work up to that. If what I suggest is done it is quite feasible to retrench. The signallers that are now in the combined offices may be used in other places; and after all, the people who will be sent out will probably be only the temporary men, who in any emergency will be available for taking charge of sudden increase in work. So the whole thing is feasible and possible, and I hope the cut I recommend will be accepted under the strong support of the Retrenchment Committee.

**Mr. G. R. Clarke:** Sir, the Honourable Member has already explained that when the Incheape Committee decided on a large cut in the number of telegraphists they were under a misapprehension partly owing, I think,

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to the fact that the case had not been put up before them with sufficient clearness. They did not understand that 24 per cent. of the operating staff is taken from men employed on non-operating duties. These men do not stand by doing nothing, nor are they used as a reserve. They are appointed for definite duties for which we consider telegraphists are necessary, such as desk telegraphists, etc. Men of that kind are necessary for assisting in the work of the Telegraph Office.

The Honourable Member then referred to the large excess of telegraphists which he has worked out for himself on the traffic figures for 1922-23. He is perfectly right. There was an excess of telegraphists and the excess of telegraphists was due to causes over which we had no control, that is, to a sudden and rather unexpected decrease in traffic. Traffic went down with a run, especially foreign traffic. Another matter which affected traffic was the opening of the Indo-European Telegraph line. Before the Indo-European Telegraph line to Europe was open messages used to go *via* Karachi and Bombay; but now on the opening of the line to Europe a great deal of traffic goes direct by Teheran and does not come to India at all—especially all the Mesopotamia traffic. So in that way rather unexpectedly the traffic fell. Now this is a matter which I have been watching very carefully since I returned from leave and I was afraid in May last after I came back that we would be finding ourselves with a rather large excess of telegraphists and the figures were not very far from what the Honourable Member has stated, they were between something like four and five hundred. However, we stopped recruitment immediately except recruitment from the schools where it is hardly fair to stop it because certain schools like the Scottish Churches and other schools have regular classes for telegraphists. But outside recruitment was put a stop to. I had the whole question of traffic examined in November last and when we went into it we found that on a basis of 42,000 operations a year to each telegraphist—which is our ratio—we were in excess by 318 operating telegraphists.

Well, we cannot turn these men out into the streets. They are there. They are in excess and we have to consider what is to be done with them. Now it just so happened that at the present time, there is a very big demand for men to move over to the Engineering department. Out of these 318 men, 150 will be moved over to the Engineering side after being taken off the operating staff. There is also a short recruitment. Our casualty list is 220 men a year. From the schools we expect to get 80 and we shall have a short recruitment of 140 as we shall recruit no outsiders. That will get rid of 150 plus 140—about 290 men. There will be a small balance of men left at the end of the year. That balance will be only just sufficient to carry on with, and will be nothing like sufficient if the traffic increases at all. As a matter of fact the traffic is showing signs of increasing now and we do not expect to have any extra surplus staff on the operating side at the end of this year 1924. We have actually in the last 2 years reduced our operating staff by 327 men. The Honourable Member has asked me to put these men into post offices and to get rid of temporary staff in post offices. Of course that is quite impossible. The telegraph traffic staff is in a different cadre from anything we have in the Post Office. The Post Office clerical staff and the Telegraph Office clerical staff are two completely different cadres and they are not interchangeable except when a signaller is transferred or elects to join the

telegraph staff when he is occasionally put into that Branch. We have no temporary staff in the Post Office which we could turn out in order to employ these more highly paid telegraphists. The whole position would be absurd. If you take 12 lakhs from the grant for operators, 600 men are going to be thrown out of employment—all men to whom we have guaranteed appointments, to whom we have guaranteed a living, to whom we have guaranteed service. Besides you are not going to save 12 lakhs, because those men will have to be provided for, they will have to get pensions, etc. We cannot turn them out at a moment's notice.

I hope the Honourable Member understands the position now. He was perfectly right to point out the existence of this surplus staff; but, as I have shown, it is a matter over which we have no control. It takes two years to train a telegraphist. We cannot suddenly bring our telegraphists down to the level of a sudden drop in the traffic and if the traffic goes up again raise their number at a moment's notice. We must have some reserve on which to draw, and, unless we have a small reserve of telegraphists, we simply cannot carry on the work in this country. I would in the circumstances ask the Honourable Member to withdraw this motion.

**Mr. K. Rama Aiyangar:** If you will permit me, Sir, I just want to say a word and will then withdraw. I do not agree at all with the Director General that his answer is a satisfactory one. In fact, to say that these men cannot be used in the post offices is very difficult to comprehend. However, I know of course the complaint is that it is a favoured department. That is a point that I ask the Director General to take notice of and it is very proper that we do not keep that charge open for any length of time. With that statement I withdraw the motion.

**Mr. President:** The question is that the motion\* for the reduction of that grant be withdrawn.

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

**Mr. K. Rama Aiyangar:** Sir, the next item is probably more perplexing than this, but all the same, if only approached in the right spirit, effect must be given to my proposal. The motion that I propose is:

"That the provision for House Rent allowances under sub-head 'Presidency and District Offices—Telegraph Signal Offices and Presidency and District Offices, Radio Offices—Detailed Accounts No. 3-E. and No. 3-F. (Appendix A, pages 21 and 22)' be reduced by Rs. 6 lakhs."

Sir, this is a point on which the Retrenchment Committee have made a definite Report. They did not want that the men of these departments should be specially encouraged by giving them house rent allowances against the normal way adopted in the case of other Government servants. We know we are paying for the houses in which we are residing, and Honourable Members on the other side also know that they are paying for the houses in which they are residing. You cannot therefore make a distinction between officers of almost the same grade and pay in the post offices and telegraph department, for one gets house rent allowance in addition to his pay, while the men in the post offices do not get any house rent allowances. The ordinary arguments put forward for the special provision made for the telegraphists in the Telegraph Department has been taken notice of

\* "That the provision for Telegraphists under the sub-head 'Presidency and District Offices—Telegraph Signal Offices—Detailed Account No. 3-E (Appendix A, page 20)' be reduced by 12 lakhs."

[Mr. K. Rama Aiyangar.]

by the Retrenchment Committee. They say that there are frequent transfers over long distances, and that is the reason why the telegraphists should be paid an additional house rent allowance. But that ought not to have encouraged the Government to pay allowances to these people all round, and such allowances should be paid only for a few months when one is transferred, if at all, till he finds a permanent quarter. That is the way in which the matter should be disposed of. I am careful now not to deprive them of some allowances because out of 11 lakhs ready cash I only ask for a 6 lakhs cut. I also do not want the houses that are now given them free should be used for other purposes. You may charge 10 per cent. rent on the quarters given to them. Taking both into consideration, I allow about Rs 35 on the average for the telegraphists in all the offices that I refer to, and I arrive at the result that 6 lakhs could be easily cut down; that is to say, you will get on the 60 lakhs at the rate of 10 per cent. for house rent, 6 lakhs which I want to cut down. I have adopted the most reasonable course that can be adopted in this matter. According to the Report I could well have said that all the 11 lakhs must be cut down. I am not pressing for that. I want to show great consideration to the officers who are working in these departments. But all the same, the suggestions I make are such that they must be given effect to. Of course, on the one hand there is this charge that this is a favoured department, because the hard worked officials in the post offices are not given the same consideration. Whatever it is, to be just, a Committee sat to examine the question, and its conclusions have been generally approved, and the points that could be urged had been urged before it. Why should extra sympathy, as I shall call it, or you may put it in your own language and call it what you like,—why should this extra sympathy be shown to the telegraphists; why should not justice weigh fairly, why should other considerations be brought in? If the point had been put forward before the Retrenchment Committee, they would certainly have considered it and it certainly has not been said, and it cannot be said, that the Retrenchment Committee have not been most careful to respect the suggestions put forward by the several departments; in fact, their language is so couched that they are quite willing, even when they think there should be a cut of 2 crores, to ask for a cut of only one lakh when specially pressed by the Department. They have proceeded in that manner in the whole matter, and they have come to the conclusion that they have. There can be no difficulty in giving effect to my suggestion. Nobody says that you should send away people. But why should this money be spent? Who is responsible for it? Why should not the ordinary rules be adopted in the case of these telegraphists? Nobody can argue that, because a telegraphist starts on Rs. 80 or so, he should be paid an extra house rent allowance as he cannot afford to pay a higher house rent. Well, if he deserves higher pay, then bring that matter up separately. You cannot argue that the telegraphist is paid a lower salary and therefore he must be paid an additional house rent. That is not one of the terms of his recruitment, and it cannot be one of the terms of his service. You do not promise house rent to every telegraphist who does not do signalling work. Therefore, that cannot be one of the terms of his recruitment. If it is one of the terms of his service, then, Sir, the sooner this condition is removed the better. On the whole, I should like to have a satisfactory explanation from the Government Benches on all the points I have raised. As I said, the charge is there that it is a favoured department, but if a proper explanation is given, I do not mind, but otherwise the matter will have to be seriously considered.

**Mr. G. B. Clarke:** Sir, I can only reply to this motion very briefly. The grant of house rent to the General Service telegraphist is a definite part of his emoluments which is granted to him from the time he is recruited. I am not responsible for this house rent. There were three Committees appointed to consider this question. About twenty years ago a Committee sat on this subject. In 1920-21 again two Committees sat to consider the question of the pay and emoluments of the Telegraph Branch, and there was never any question of taking away the house rent allowance from the General Service telegraphist. There are about 2,600 General Service men in the department, and this service, I may point out, is a purely Indian service. The reason for granting the house rent allowance is that these men of the General Service are liable not only to transfer from one end of India to another, but they are responsible for duty at all hours of the day and night, and therefore they have either to be provided with free quarters near the office or they must be given a house rent allowance in order to enable them to get quarters near the office. If the Honourable Member had proposed a complete cut in all the house rent allowances, I could have understood the point, but he proposes that only the house rent allowances of a portion of the staff should be taken away. It is quite impossible for us to take away a portion of the house rent allowances from some of the staff and leave the rest of the staff to draw these allowances. So the motion is really not logical. I think that in any case the Honourable Member must know that these men are recruited on the promise that they shall get a definite pay with free quarters or a house rent allowance as part of their emoluments. We have allowed them these allowances ever since they were recruited, and it will be quite out of the question now for Government to break its contract with the 2,600 men; it will be quite impossible for Government suddenly to break their contract with these men and tell them "we are going to take away a considerable amount of the emoluments which we agreed to pay you". Sir, I really cannot accept this motion.

**Mr. K. Rama Aiyangar:** Was there any agreement of that kind with them when they were recruited?

**Mr. G. B. Clarke:** Certainly, there was an understood agreement.

**Lieut.-Colonel H. A. J. Gidney:** Sir, I have very few remarks to offer on this subject. I have attentively listened to what the Honourable Member in charge, Mr. G. Clarke, has said, and I endorse every word of his. I was on the Committee which sat in 1922 at Simla to inquire into the various grievances of the Telegraph Department including the very vexed and important question of house allowance. I can assure the Honourable Mover that, had he sat on that Committee and heard the evidence submitted before it regarding the hardships and privations endured by telegraphists in the General service of that Department, many of whom have to come from Burma to Simla, or from Madras to Burma, or from Assam to Simla, in response to their frequent transfers, I am sure he would not have moved this cut. As an illustration let me take our own case. I would ask Honourable Members of this House why do they draw an allowance of Rs. 20 a day while in Delhi or Simla and away from their permanent residences? It is to defray the extra cost involved in this change including their house accommodation and food, etc. The same reasons which control the need for their allowance of Rs 20 a day in the case of the Members of this House apply equally to members of

[Lt.-Col. H. A. J. Gidney.]

the General Telegraph service when they are on duty away from their permanent homes especially in such places as Simla, Delhi, Bombay, Calcutta, Lahore, Rangoon, etc., where house rent is very high, and they are, I submit, entitled to an extra house allowance. It is to cover such expenses as house rent which is a very expensive item when one leaves his permanent headquarters that this extra allowance is paid to these servants. Further, these telegraphists have to respond to their call of duty at all hours of the day and night, and therefore must be housed near to their place of work. I know a house allowance or in some cases free accommodation is given in Simla to these men. If this were not done and they were called upon to obtain and pay for accommodation near the Telegraph office and live in any degree of comfort, it would practically absorb two-thirds of their pay. It is a contract, as Mr. Clarke so rightly said, a sacred and binding contract entered into between over 2,000 telegraphists and the Government of India. It cannot be toyed with at the will and pleasure of any seeker of economy. It is a contract that was entered into years ago and it is one that was recently ratified by a Committee which sat in 1922. Sir, I can assure this House without any doubt or equivocation that if that contract is broken, and this out is made, it will lead to such a serious and immediate dislocation of the Telegraph Department that the Honourable Mover will be the first man to be sorry that he ever moved this reduction.

**Mr. President:** The question is that that reduction be made.

The motion was negatived.

**Mr. K. Rama Aiyangar:** (*Cries of "Withdraw" "withdraw"*.) I do not think I am going to comply with the request of the call because, I think, I am doing my duty. Sir, I propose:

"That the provision for Officers under the several sub-heads be reduced by Rs. 6 lakhs by reducing Officers."

This is again another recommendation of the Retrenchment Committee. The answer I know has been given that of these 88 officers a number have been drafted into some other Department. The answer that was given on the 1st of February was:

"The recommendation has been examined. It has been pointed out that the increase of officers included 44 officials who, on revision of pay, were automatically classed as such. The balance of 44 includes 17 officers and 15 officers, respectively, of the new Wireless and Telephone Branches in which no reduction is possible. Of the remaining 12 officers, 6 have been reduced. No further reductions are possible."

That is the answer given. But if these men are transferred to other work then this particular head must be relieved of that charge. Why should the whole thing appear here? (*The Honourable Mr. A. C. Chatterjee: "Which particular head?"*) Officers. (*Mr. G. R. Clarke: "Under which head of the Budget?"*) If it is distributed over the whole thing and divided off, the main question will remain. The Retrenchment Committee go into this question and recommend the abolition of 88 officers. I mean that all these officers being kept up will only indicate that, while money is wanted for other purposes, these are insisted on being continued to some form or other. There is neither a reduction nor any proposal to reduce the pay, and that only shows that, while the Committee found that so many officers on such high pay are unnecessary, what we actually find is that the services of a lot of low-paid men are

being dispensed with, and all the higher appointments are being continued. And I submit that the explanation is not satisfactory and I wish that the matter should be considered by the Assembly and my motion accepted.

**The Honourable Mr. A. C. Chatterjee:** Sir, I have very great admiration for the industry of the Honourable Member who has made these different motions and also for his perseverance. But at the same time I must express very great regret that he questions the *bona fides* of myself and of my staff. We have given an explanation with regard to these officers. My Honourable friend simply disbelieves our explanation.

**Mr. K. Rama Aiyangar:** No, no, I beg your pardon.

**The Honourable Mr. A. C. Chatterjee:** That is what he said. He says that these officers are not being reduced, that the people with high salaries are being retained and people with low salaries are being got rid of. That is what he said. I have listened to him very carefully. And I do take very serious exception to the tone of his remarks.

**Mr. K. Rama Aiyangar:** On a point of explanation, Sir. Of course, I see of late the Honourable Mr. Chatterjee is given to this kind of statements, and, I certainly repudiate any such suggestion. I am entitled to place before the House my view that, where highly-paid officers are not found necessary by a big Committee, effect must be given to their recommendation and this must be otherwise dealt with. I mean that is a point on which, without thinking of the honesty or the integrity of anybody, I can urge my views.

**The Honourable Mr. A. C. Chatterjee:** Sir, I remember distinctly that the words used by the Honourable Member were that the number of officers was not being reduced. That is exactly what he said.

**Mr. K. Rama Aiyangar:** That is what I say now too.

**The Honourable Mr. A. C. Chatterjee:** We have given an explanation as to why the officers have not been reduced. He is only questioning the truth of that explanation: there is no other construction that I can think of. We distinctly said that it was a misclassification. A number of people had their salaries increased, as recommended by two committees. The result of the increase in their salaries was that they were classified as officials and not as subordinates. We have explained that several times. But the Honourable gentleman simply refuses to believe our explanation. There is nothing else, so far as I can judge. I leave it to the House to judge between the Honourable Member and myself.

**Mr. President:** The question is:

"That the provision for Officers under the several sub-heads be reduced by Rs. 6 lakhs by reducing Officers."

The motion was negatived.

**Mr. K. Rama Aiyangar:** Sir, I wish to modify my next proposal by substituting, if you will permit me, 1'06 lakhs in place of 3'25 lakhs. The reason why I make that proposal is that I understand for the incoming Mail it will be necessary to have these trains without which they could not be managed otherwise. But one of the special trains had been cancelled last year. That is proposed to be introduced or has been

[Mr. K. Rama Aiyangar.]

introduced from February this year, I understand. I think that is a charge that might be spared so that that money might be utilised otherwise, and I want that one train cut off.

My motion will therefore run:

"That the provision under sub-head 'Conveyance of Mails—Railway Charges—Detailed Account No. 6-D,' be reduced by Rs. 1.06 lakhs for Special Trains."

**Mr. G. B. Clarke:** Sir, there are only three special trains running in India at present. One is Bombay to Howrah, one Howrah to Bombay with the outgoing mail, and a fortnightly train from Bombay to Madras with the Straits mail. The cost of the special trains is about Rs. 3,10,000. We put in a little extra money because we have to run occasional specials when steamers are late. I should like just to explain for a moment to the House what really is the importance of the Indian foreign mail in the International Posts of the world. I have here the proceedings of the Universal Postal Congress of Madrid and in referring to Extraordinary Mail Services it is stated in clause 8:

"The extraordinary services of the Union giving rise to special charges, the fixing of which is reserved by Article 4 (f) of the Convention for arrangement between the Administrations concerned, are exclusively those which are maintained for the accelerated conveyance by land of the Indian Mail."

That, I think, will show the House the position which the Indian Mail Service holds among the great international postal services of the world. There is no other combined continental and steamer service so important, and we have to handle the whole of this Mail in Bombay. We have to handle everything in fact in Bombay as a great distributing centre. We have tried to stop the outgoing special mail train from Howrah to Bombay. What was the result? The steamer was delayed for hours and the service was dislocated. We have had to fix earlier hours of posting in Calcutta, and, as the Calcutta Members know, there was a general outcry, not only by the European but by the Indian community also when the Foreign Mail special train was taken off. To deal with this Foreign Mail we have a staff of men known as the Foreign Mail Service section, a purely Indian staff under an Indian Superintendent, of the most highly trained sorters in the country. They have to know the sorting of India thoroughly and they have to know intimately the sorting of England and to have a general knowledge of the sorting of Europe and the rest of the world. They have to deal with these very heavy mails during the journey between Howrah and Bombay. It is essential to employ them in special trains, not only for their own comfort and efficiency, but also in order that we may be able to employ them on one part of the sorting or another as the work requires it at the different stations. For that reason, we have put on these two special trains on this great trans-continental service, Bombay-Howrah, and Howrah-Bombay. I do not think there will be any objection raised to the other train, namely, the train between Madras and Bombay fortnightly for the Straits Settlements. The real facts of the case are that these regular special trains cost us a little over 3 lakhs. If we did not use these specials at all, it would cost us very nearly 2 lakhs in the ordinary haulage of vans for our Foreign Mails which could not be taken in the ordinary Railway Mail Service vans, and we would lose Rs. 1,16,000 which we get for carrying the Straits Settlement Mails across the country. By taking away these special trains, you are going to incur loss, and not gain. I would ask

the House, in the interests of the Foreign Mail Service which is one of the most important services in the world and which is of great value, and which is a gain to India of 16 to 17 lakhs of rupees annually after counting the cost of these trains, the subsidy to the P. and O. and every other charge (there is a minimum profit of about 16 lakhs), I would ask the House to allow this amount of Rs. 3,26,000 to remain for Special Trains.

**Mr. K. Rama Aiyangar:** Sir, I withdraw my motion.

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

**Sir Purshotamdas Thakurdas:** In view of the fairly full discussion we have had on the Postal Department till now, I do not wish to move my amendment.†

**Mr. Shubanananda Das:** Sir, in view of the lateness of the hour, I would only point out two points for which I gave 7 P.M. notice of my motion.‡ The first point is that on page 2 of Appendix A—Detailed Statements—it is pointed out that there is a profit of Rs. 24,04,000 in the Post and Telegraph Department. At the same time it is also mentioned on page 3 that the Department has taken credit to the extent of Rs. 24,88,000 for services rendered to other Departments of the Government of India. So, actually there is a loss of Rs. 84,000 if you exclude these credits. The Government of India is therefore running the Postal Department at a loss and paying the loss out of the tax-payers' revenue. It is also mentioned in paragraph 3 that "No separate provision has been made for depreciation pending the establishment of a depreciation fund". That means that at present no provision is made for depreciation of capital that has been sunk in the Post and Telegraph Department. The Post and Telegraph Department is being run as a commercial department and yet no provision is made by the Government for depreciation. The Department is still incurring loss. That is one of the points to which I wanted to draw the attention of the House. We do not mind the Department being run as a public utility concern. But there should be no loss incurred by the Government of India on account of the Post and Telegraph Department.

Another point to which I wish to draw the attention of this House is this. In the report of the Standing Finance Committee, page 91, paragraph 7, it is stated that 5 lakhs are provided for increasing the subsidy to the British India Steam Navigation Company. I have nothing to say against the Postal Department about it. But what I wish to draw the attention of the Government of India and this House to is the subsequent remark made in the report "With reference to the statement by Mr. Clarke that the Company would not enter into contract for less than 10 years, some of the members desired to record opinion that, in view of the broader question of an Indian Mercantile Marine, they would have preferred a contract for a shorter term." The Indian Mercantile Marine Committee, I understand, have submitted their final report. The Government of India are responsible for giving to the people of India an Indian Mercantile Marine. So far, we have no Indian Mercantile Marine. We hold the Government of India responsible for it. So, in considering this new contract, the Government of

\* "That the provision under sub-head 'Conveyance of Mails—Railway Charges—Detailed Account No. 6-D,' be reduced by Rs. 1.06 lakhs for Special Trains."

† "That the provision for Working Expenses under the head 'Indian Postal and Telegraph Department' be reduced by Rs. 100."

‡ "That the demand under the head 'Indian Postal and Telegraph Department' be reduced by Rs. 5,000."

[Mr. Bhubanananda Das.]

India ought to have taken into consideration the formation of an Indian Mercantile Marine and ought not to have agreed to this long contract. I hope the Member for Industries and the Government of India will take these points into consideration.

**The Honourable Mr. A. C. Chatterjee:** Sir, I find that the Honourable Mr. Neogy has now been answered. He complained that we were using the Post Office as a revenue earning department, as a department which was utilised as an indirect form of taxation. Here is my friend, the Honourable Mr. Bhubanananda Das, objecting to the fact that we were not making more money out of the Post Office. As regards the depreciation fund, it is quite true that we have not got one at present. The matter is under consideration. But as a matter of fact, the amount of depreciation is taken into account in the expenditure on the maintenance of telegraph lines. With regard to the Mercantile Marine, I can only say that the Honourable gentleman's comments have been noted.

**Mr. Chaman Lal:** I have two observations to make on a matter closely connected with the Indian Mercantile Marine. The first point that I want to make, Sir, briefly is this. There is an increase demanded towards the subsidy paid to the British India Steam Navigation Company by the Government for the carriage of postal mails. I find it stated in the proceedings of the Standing Finance Committee that this increase is demanded by the Company and that the Company want a contract for not less than ten years at this increased rate. Personally, I find absolutely no justification for granting an increased rate to this Company. If you had an Indian Mercantile Marine, you would be in a better position as regards this matter. The increase demanded is from 7 lakhs to 11 lakhs 87 thousand. Is this increase justified? Personally I think that it is not justified. In 1921—23, there was some sort of competition between the Scindia Steam Navigation Company and the British India Company with the result that the average standard rate came down to Rs. 6. I believe that before that, the average standard rate was Rs. 18 and the existing standard rate is Rs. 13, so that, as a matter of fact, the ratio ought to be 13: 18. So, instead of there being any increase granted to the British India Steam Navigation Company, there ought to be a reduction of Rs. 52,000. But I am told by the Honourable Member that the Government of India are powerless in this matter and that the British India Company are holding a pistol at their heads. It is said that the sins of the father are visited on the children . . .

**The Honourable Mr. A. C. Chatterjee:** I do not think I have made that statement, Sir.

**Mr. Chaman Lal:** What I gathered was this that the British India Steam Navigation Company have a complete monopoly, that tenders were invited, but that there was no other company which put in any tender at all. Unfortunately there is no company which can compete with the British India Steam Navigation Company. I believe that there is some sort of agreement between the British India Steam Navigation Company and the Scindia Steam Navigation Company which gives the British India Steam Navigation Company an absolute monopoly in this matter. I do believe, in view of the Indian Mercantile Marine Committee's report, that it would be dangerous to fetter our freedom in this matter by entering into a contract for ten years. I believe that last year, although the previous contract

was for ten years, there was an extension for only one year—I am speaking subject to correction,—and I see no reason why this extension of one year should not be granted again, or at the most for another two years if not for a year. I believe that this particular increase is thoroughly unjustifiable and could be justified only on the ground that the Government of India have no choice in the matter. But there is in my opinion a way out of the difficulty although it seems to be a very unofficial sort of method to adopt,—to appeal to Lord Incheape who is, I believe, the Chairman of the Board of Directors who own this particular company, to appeal to him and send him a copy by registered post of his own Retrenchment Committee's report and remind him of the fact that the poor Indian taxpayer is not in a position to pay increased rates for freight particularly when his own Committee has reported that the expenditure should be cut down. I think his Lordship with his native sense of humour will agree to this proposition. I think at any rate nothing will be lost by appealing to the Company to reduce their rates by at least Rs. 52,000 instead of agreeing to pay an increased subsidy which can under no circumstances be justified.

**Mr. G. E. Clarke:** May I just say that we did in this case call for tenders not only for the whole of the lines but for every single line separately, and we did not get a single tender from any other company. That was exactly the position as regards tenders. As for the extension of a year given by the British Indian Steam Navigation Company without any increase in cost it was done at our special request and as a favour on the part of the Company. I do not think I have anything more to say than that the contract which we have accepted on tender is one dealt with in the ordinary way.

**Mr. Chaman Lal:** Have not the rates gone down?

**Mr. Darcy Lindsay** (Bengal: European): I think in justice to the British Indian Steam Navigation Company that I should say a few words on this subject in reply to my Honourable friend, Mr. Chaman Lal. I should like to explain, as Sir Purshotamdas Thakurdas does on occasions when he tells us that he is Director of a Company but is not urging his point on that account,—I may say, Sir, that I am not a Director of the British India Steam Navigation Company, nor am I a shareholder, but once upon a time I was in their employ and on that account I rise to reply to a few of the points raised by my Honourable friend, Mr. Chaman Lal.

This contract I understand was entered into eleven years ago, when, as every one is well aware, the charges were very much less than they are now. The quantity of mails carried when the contract was entered into was nearly one-third of what it is now. If the Company were to be paid on a maundage basis in comparison with what they were paid eleven years ago, I guarantee that they would be entitled to receive the Rs. 25 lakhs that my Honourable friend, Sir Purshotamdas Thakurdas, the other day told us he thought that they would be fully justified in charging. Instead of that this Company put in a bedrock tender. They were receiving as we know Rs. 10 lakhs, agreed to as I say eleven years ago, and to meet the heavy increase in the cost of running the services all that they asked for was an additional five lakhs of rupees, and I put it to the House that this is one of the cheapest contracts that the Government of India have ever made. This company for these Rs. 15 lakhs run no less than 16 mail services round the coast of India and up the Persian Gulf and to South Africa, and two of those services are run at 16 knots. I took the trouble

[Mr. Darcy Lindsay.]

to work one out; they run from Rangoon to Calcutta and *vice versa* a steamer a week at 16 knots, the charge for which works out at about Rs. 1,400. They run another service from Rangoon to Calcutta and *vice versa* at 14 knots, the charge for which is about Rs. 1,825. Any one who knows anything about the consumption of coal in running at this higher speed will realise what a very cheap contract that is and what a very low rate was quoted for the whole contract.

Now, Sir, what is the alternative? Unless the contract is entered into with this steamship company, how are the mails going to be carried? The only alternative is at the maundage rate which would be much more expensive than under this contract. Reference has been made to the Indian Mercantile Marine, and because there is no Indian Mercantile Marine built up or subsidised, I take it, by the Government of India, there is no competition for this contract. What about the Bombay Persian Steam Navigation Company? Is that not an Indian company? Do they not run a regular service of steamers? Have they tendered for the contract? No, Sir. And why not? Because the mail service does not pay. The mail steamer has got to run to time. The mail steamer is fined if it does not run to time, and it has got to run with more regularity. That is why other lines running round India do not tender for the mails. In my opinion, instead of running down this great company, they ought to receive our thanks.

**Sir Purshotamdas Thakurdas:** As I referred to the subject in my general remarks on the Budget debate I did not intend to take any part at all in this discussion, but my Honourable friend from Calcutta has more or less compelled me to meet one or two points which he has made. I think it is well that he began by saying that he was in the employ of the British India Steam Navigation Company and to that extent we can count upon him having expert knowledge about the way in which these contracts are given and taken, and especially the one omission which I wish he had not made, namely, the privileges that go with a mail contract. The Royal Mail contract is not being taken nor, I hope he will confirm me, is it being given for the mere purpose of carrying the mails by weight. The steamer flying the flag of the Royal Mail is entitled to certain privileges and I wish my Honourable Friend Mr. Lindsay had mentioned that,—not that that should have counted at any rate with the British India Steam Navigation Company when they command a monopoly of the waters in which their steamers ply. What I said on the Budget debate was not that the British India Steam Navigation Company should charge Rs. 25 lakhs, but I admired their moderation at having asked only Rs. 15 lakhs instead of Rs. 25 lakhs when they knew that the Government of India could not go to any body else. (*Mr. Darcy Lindsay:* "Will the Honourable Member inform the House as to what are the privileges to which he has referred?") The privileges are first admission to the docks when there are other steamers waiting and so on.

**Mr. Darcy Lindsay:** I was under the impression that the mails were landed before going into the docks.

**Sir Purshotamdas Thakurdas:** Perhaps you are able to know this better than myself in view of the fact that you have had some share in handling this traffic. They have, as far as I am aware, some privileges on the Bombay side but that is not the only point. I am afraid the House should not be carried away by what I may call the sort of incorrect turn that is

being given to what I understand to be the burden of my friend Mr. Chaman Lal's speech. All that he meant to say and I understood him to say is "here is a monopoly and that is why the Government of India had to give this extra price". I think that the British India Steam Navigation Company could have asked for any terms they liked and I repeat that it is rather good of them not to have asked for 25 lakhs.

One more question in connection with what Mr. Darcey Lindsay said. Would the Honourable Mr. Geoffrey Clarke tell the House how much extra has been given for postal contracts given to the other steamship lines after the outbreak of war. I do not know if he has the figures. Mr. Darcy, Lindsay says that 50 per cent. increase is very reasonable. Perhaps it is. He knows more than I do. Could Mr. Clarke tell us what increase has been given to other steamship lines that carry the mail on the other coast. These steamer companies are the Indian General Navigation Company, the Irrawady Flotilla Company, the Loralai Mail Service, the Bombay Steam Navigation Company, and so on. Have they all been given 50 per cent. increase or have they been satisfied with the figures at which they carried mails before the outbreak of war. I think that may perhaps settle the question as to whether this increase to the B. I. is reasonable or not.

**Mr. G. B. Clarke:** I have not got the figures. The only steamship navigation services of any importance are the Bombay Steam Navigation and the Arracan Steamship Company. The others I cannot remember but I am almost certain that the rates of the Bombay Steam Navigation Company have been raised by very nearly 50 per cent. within the last five years. There was certainly a considerable increase but I have not got the figures with me at the present moment.

**Mr. President:** The question is:

"That a sum not exceeding Rs. 8,16,90,000 be granted to the Governor General in Council to defray the charge which will come in course of payment for the year ending the 31st day of March, 1925, in respect of the 'Indian Postal and Telegraph Department'."

The motion was adopted.

The Assembly then adjourned till Eleven of the Clock on Thursday, the 13th March, 1924.

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