

26th February, 1925

THE

LEGISLATIVE ASSEMBLY DEBATES

(Official Report)

SECOND SESSION

OF THE

SECOND LEGISLATIVE ASSEMBLY, 1925



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LEGISLATIVE ASSEMBLY.

Thursday, 26th February, 1925.

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

ELECTIONS TO PANELS OF STANDING COMMITTEES.

HOME DEPARTMENT.

Mr. President: I have to announce that the following Members have been elected to the Panel of the Standing Committee in the Home Department:

Mr. K. Ahmed.

Sir Henry Stanyon.

Colonel J. D. Crawford.

Mr. M. A. Jinnah.

Diwan Bahadur T. Rangachariar.

Sardar V. N. Mutalik.

Mr. C. S. Ranga Iyer.

Mr. A. Rangaswami Iyengar, and

Mr. M. C. Naidu.

DEPARTMENT OF COMMERCE.

Further, that the following Members have been elected to the Panel of the Standing Committee in the Department of Commerce:

Sir Purshotamdas Thakurdas.

Mr. Devaki Prasad Sinha.

Mr. W. S. J. Willson.

Diwan Bahadur M. Ramachandra Rao.

Mr. H. G. Cocke.

Mr. B. Das.

Mr. S. C. Ghose.

Seth Kasturbhai Lalbhai, and

Khan Bahadur M. Shams-uz-Zoha.

[Mr. President.]

EMIGRATION.

And further that the following Members have been elected to the Panel of the Standing Committee on Emigration:

Nawab Sir Sahibzada Abdul Qaiyum.

Mr. B. Venkatapatiraju

Mr. E. G. Fleming.

Mr. N. M. Joshi.

Captain Ajab Khan.

Mr. W. S. J. Willson

Sir Purshotamdas Thakurdas.

Mr. K. C. Neogy.

Diwan Bahadur M. Ramachandra Rao

Maulvi Muhammad Yakub.

Diwan Bahadur T. Rangachariar.

Maulvi Abul Kasem.

Sir Hari Singh Gour.

Mr. S. C. Ghose.

Khan Bahadur Saiyid Muhammad Ismail, and

Mr. M. I. Makan.

DEPARTMENT OF INDUSTRIES AND LABOUR.

And further that the following Members have been elected to the Panel of the Standing Committee in the Department of Industries and Labour.

Mr. Chaman Lall.

Mr. N. M. Joshi.

Mr. W. S. J. Willson.

Mr. E. F. Sykes.

Mr. Ahmad Ali Khan.

Mr. B. Das.

Mr. M. K. Acharya.

Mr. S. C. Ghose, and

Mr. M. C. Naidu.

DEPARTMENT OF EDUCATION, HEALTH AND LANDS.

Also that the following Members have been elected to the Panel of the Standing Committee in the Department of Education, Health and Lands:

Maulvi Abul Kasem.

Pandit Harkaran Nath Misra.

Sir Hari Singh Gour.

Sardar V. N. Mutalik.

Captain Ajab Khan.

Haji Wajihuddin.

Haji S. A. K. Jeelani.

Mr. E. G. Fleming, and

Mr. Darcy Lindsay.

SECOND STAGE—*contd.*

Expenditure from Revenue—contd.

DEMAND NO. 1.—RAILWAY BOARD—*contd.*

Mr. President: The Assembly will now resume consideration of Demand No. 1—Railway Board.

The question is:

"That a reduced sum not exceeding Rs. 9,08,900 be granted to the Governor General in Council to defray the charge that will come in course of payment during the year ending the 31st day of March, 1926, in respect of the 'Railway Board'."

I propose first to take the question of the Rates Tribunal raised in the motion standing in the name of five Members, Mr. Neogy, Mr. Venkatapatiraju, Sardar Mutalik, Mr. Rama Aiyangar, and Diwan Bahadur Ramachandra Rao.

APPOINTMENT OF A RATES TRIBUNAL.

Mr. K. C. Neogy (Dacca Division: Non-Muhammadan Rural): Sir, I beg to move that the Demand under the head 'Railway Board' be reduced by Rs. 100 for the purpose of discussing the question of the appointment of the Rates Tribunal. Honourable Members are aware that the Acworth Committee made a specific recommendation for the establishment of the Rates Tribunal. Their recommendation will be found in paragraph 156 of the Report. After discussing the grievances of the public in regard to undue preference in the matter of rates and of block rates and also the alleged unfair competition with waterways, they proceed to observe as follows:

"We have discussed with very many witnesses, representing not only the Indian public, but the railway companies, what the authority to control rates should be. We have found a unanimous readiness on both sides to accept the constitution of a new Tribunal, practically identical with that recommended for the same duties by the Rates Advisory Committee constituted under the English Ministry of Transport Act, 1919, and accepted as satisfactory both by the railway companies and by representative organisations of the traders in England. We recommend the establishment of a Rates Tribunal consisting of an experienced lawyer as chairman and two lay members, one representing the railways and the other the commercial interests, with power, in any case deemed of sufficient importance, to add two additional members, one on each side."

Then in the next paragraph, they point out that the Indian Railways Act of 1890 requires revision, and they say that it will be for the President of the Rates Tribunal to undertake this duty as soon as he is appointed, and they make the further recommendation that the legal chairman should be appointed forthwith as a whole-time officer.

Now, Sir, about four years have elapsed since these recommendations were made, and we do not know where we are in regard to this question. Several questions were asked in this House, both in the last Assembly and in the present, regarding the intentions of Government with regard to the establishment of this very useful and necessary tribunal. As far as I know the Government have not come to any decision on this point, and I believe the reply of the Secretary of State to their despatch has been received only recently. I should like to know when this Tribunal is intended to be established, and moreover what the functions of this Tribunal are intended to be. Because, as far as I can see, the Acworth Committee contemplated this Tribunal to be of a judicial nature with defined statutory functions. I

[Mr. K. C. Neogy.]

do not know whether it is the intention of Government to have a Tribunal appointed on the lines recommended by the Acworth Committee, or whether they propose to deviate in any important particular from these recommendations.

Sir, I move my motion.

The Honourable Sir Charles Innes (Member for Commerce and Railways): I am afraid there has been some delay in regard to this matter. The actual position is this. The Railway Board and the Government of India are in agreement with the principle of the recommendation of the Acworth Committee and I should explain to the House clearly why we are in agreement with that principle. I can best explain it by reading out two paragraphs of the memorandum which I put before the Central Advisory Council. In the first place we admit that the present arrangements under the Indian Railways Act for dealing with charges of undue preference, that is to say, the establishment of a Railway Commission, is so cumbrous a procedure that it has never yet been adopted, and we agree that there should be some more expeditious manner of investigating complaints of that kind. The other reason why we are anxious to get a Rates Tribunal constituted is this. I am afraid that in India there is a great suspicion about Indian railway rates. We in the Railway Board do not admit that those suspicions are justified. The fixing of railway rates is probably one of the most technical matters in the world, and it is quite impossible for the general public to understand why a particular rate has been fixed for a particular class of traffic, and we feel that if there is a body like the Rates Tribunal established, to which anybody who had a complaint that a rate was unreasonable in comparison with another rate could go and state his case, and if that complaint could be investigated by that body, this suspicion would be removed. We should welcome every possible kind of publicity in matters of that kind for, we in the Railway Board feel that we have nothing to conceal and we feel that these suspicions, which were voiced only yesterday by Mr. Duraiswami Aiyangar and Pandit Motilal Nehru are quite unjustified. Those are the reasons why we agree in principle to the establishment of a Rates Tribunal. The delay is due to the following facts. In the first place, we discussed this question in the fullest possible detail with the Central Advisory Council in the autumn of 1923. It was recommended to us by the Central Advisory Council that we should not appoint in the first instance what may be called a statutory or judicial tribunal, that is to say, a rate-fixing body. The Central Advisory Council agreed that in the first instance at any rate the body should be an investigating body, the object being to get that publicity which the Railway Board want, and we also came to an agreement that the functions of the Rates Tribunal should be the functions recommended by the Acworth Committee. As I have said, we received those recommendations from the Central Advisory Council in the autumn of 1923. In the beginning of 1924 we addressed a despatch to the Secretary of State on the subject. We have just got the reply of the Secretary of State. The reply reached us only on the 30th of January. It raises one point of substance regarding these functions. I am afraid that I am precluded by the Standing Orders of the Government of India from saying what that point of substance is, for I am not allowed to disclose matters which are under correspondence with the Secretary of State. But I propose before this session ends to put the whole matter confidentially before the Central Advisory Council in order that we may discuss it, and I hope that at any rate we shall be able to make a beginning with the Rates Tribunal

shortly. I think I have shown that, though there has been some delay, that delay has been due to causes which were not altogether within the control of the Government of India. As I have said, we shall discuss this matter before the close of the session with the Central Advisory Council, and I hope that before long we shall get this important body into existence.

Sir Purshotamdas Thakurdas (Indian Merchants' Chamber: Indian Commerce): May I inquire, Sir, of the Honourable the Commerce Member what he means by "before long"? Does he mean within 6 months?

The Honourable Sir Charles Innes: It will depend very largely upon the advice the Central Advisory Council gives us. I hope to discuss the matter before the close of the session with the Central Advisory Council.

Diwan Bahadur M. Ramachandra Rao (Godavari *cum* Kistna: Non-Muhammadan Rural): I wish to know from the Honourable Sir Charles Innes whether any further reference to the Secretary of State will be necessary in consequence of this discussion. It seems to me that this matter has been delayed already for more than two years.

The Honourable Sir Charles Innes: That again, I think, will depend upon the results of our deliberation. I imagine that possibly another reference will be necessary, but it will depend very much upon the advice we get from the Advisory Council.

Mr. K. Ahmed (Rajshahi Division: Muhammadan Rural): May I inquire if it will be a committee of 3 persons?

The Honourable Sir Charles Innes: The idea is to have a Board of three with a lawyer President and to empower that Board like the Tariff Board to co-opt members for particular inquiries.

Mr. R. K. Shanmukham Ohetty (Salem and Coimbatore *cum* North Arcot: Non-Muhammadan Rural): Are we to understand, Sir, that the Government have come to the conclusion that even if a Rates Tribunal is to be appointed shortly, it will be merely an investigating body and not a statutory tribunal as contemplated by the Acworth Committee?

The Honourable Sir Charles Innes: I am not quite sure whether the Acworth Committee did contemplate a statutory tribunal. But the idea of Government is to start in the first instance with an investigating body, not a statutory body.

Mr. K. C. Neogy: Sir, in view of the statement made by the Honourable the Commerce Member I do not propose to press this motion.

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

REDUCTION OF THIRD CLASS RAILWAY FARES.

Mr. N. M. Joshi (Nominated: Labour Interests): Sir, I move:

"That the Demand under the head 'Railway Board' be reduced by Rs. 1,000." The object of the amendment is, as I have said in my own motion, that the Railway Board should at an early date reduce the rates for third class railway passengers. The rates for third class railway passengers were raised at a time when the Railways were making heavy losses. These rates have been raised to a very great extent. Now circumstances have changed. The Railways have begun to make profits, and as the Honourable the Commerce Member has pointed out, the Railways this year have shown very

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handsome profits. I therefore think that the time has come when the Railway Board should issue instructions to the different Agents of the Railways to lower the third class railway fares to their former level. Sir, the Honourable the Commerce Member said that the reserve must first be built up and when the reserve is built up to a large extent, then they may think of reducing the fares. I think, Sir, that the main object of having a reserve fund is that you should be able to reduce your railway fares. That should be the first charge on your reserve fund. Fortunately, we have got a reserve fund this year, and we should utilise that reserve fund in order to give relief to the third class railway passengers. Sir, it was an irony of fate that when Government could reduce the fares, they only first thought of first and second class passengers. I do not wish to weary the House by talking on this subject, but, Sir, I do feel very bitter on it. Whenever Government can give relief to the tax-payer—and I think in this matter the passengers on the Railways are tax-payers also—they generally think of those people who do not want relief. The Honourable the Commerce Member said that the number of first and second class passengers was going down and therefore he thought that they could not bear these rates. Sir, in the case of second and first class passengers a great deal of their travelling is for luxury and they have cut down their luxury travelling.

Khan Bahadur W. M. Hussanally: Not business?

Mr. N. M. Joshi: If that travel is necessary for them, they are sure to travel even if you raise the rates. Therefore the argument that the first and second class passengers could not pay the rates and hence first and second class travelling has been reduced does not hold very much water. Travelling has gone down in the case of the first and second class passengers, but the reduction of the travelling is in their luxury travelling. Then, Sir, the Honourable the Commerce Member stated that in their case he had to lower the rates as the principle on which he fixes the rates is what the traffic can bear. I do not wish to repeat what I have said, but I do ask the Honourable the Commerce Member whether he does not think that in the case of the first and second class passengers there is a necessity for him to lay down a certain minimum below which he cannot go. If he goes on reducing the first and second class fares to the extent to which the first and second class travelling will pay, then I think he will have to reduce them very much more than what he has done so far. They do not wish to pay any fares, and will my Honourable friend give them joy rides in the first and second class carriages? I, therefore, think that the principle which the Honourable the Commerce Member has laid down for himself for fixing the fares is a very vicious principle. What the traffic will bear is a good principle as far as the maximum rates go, but certainly there must be some minimum rate fixed below which you cannot go, and that minimum rate must be the cost of the travelling. The Honourable the Commerce Member must find out what the cost of travelling is for first and second class passengers, below which he must not reduce his rates. I do not grudge the first and second class passengers their good luck. If the Honourable the Commerce Member can reduce their fares let him do it. But I want to press on the attention of the Honourable the Commerce Member that he should do justice to the third class railway passengers. He stated that in the case of the third class passengers the number is still

going up and he intended to imply by that that they could afford to pay the rates. Sir, he was given a reply in this House and I am sure that reply must be a convincing one to any one who keeps an open mind. The reply is that in the case of the third class passengers travelling is a necessity. They do not travel for luxury. They travel because in their case travelling on certain occasions is absolutely necessary, and they have to travel third class because, as some Honourable friend put it, there is no fourth class. I, therefore, think that although the number of third class passengers is going up, that is no indication that they can afford to pay the rates which the railways are charging. Moreover, Sir, it is not a question of mere affording. The question is whether they pay their cost of travelling or not, and as long as they pay the cost of travelling, the Railways have no business to charge them more and make profits. Sir, the Indian Railways have been making profits year after year from the third class passenger fares. Year after year the first class passenger has never paid his way. He has been always a losing customer, a customer to whom the Railways have to give a certain contribution instead of getting a contribution from him. If Sir Charles Innes had read the reports of his Agents he would find at least one Agent stating that it would pay him well to give some handsome contribution to the first class passengers if they could only stay away and not travel by his lines. The case of the third class passengers is absolutely different. They have been paying their way from year to year. Unfortunately, recently we do not get these figures because the Railway Board has very conveniently omitted certain tables and statistics. They were convenient to the Members of the Assembly but unfortunately inconvenient to the Railway Board. As I am going to speak on that matter separately, I do not propose to deal with it more at this stage. I do feel that the third class railway fares ought to be reduced because the third class passenger has always been paying his way. Moreover, the Government of India and the Railway Board, although they have got money, generally try to charge to revenue amounts which ought to go to the capital side, and thus show that there is no money available for the reduction of rates. This question was dealt with by my Honourable friend, Mr. Jamnadas Mehta and I do not wish to deal with it at great length. There are several items which ought to be charged to capital. Government purchase land for the sake of the Railways and put that item against the revenue side. I cannot understand why money spent on purchasing land which will continue to exist for ever should be charged to the revenue side, increasing the burden on the revenue and making a reduction of rates difficult. Again, a large amount which is spent on paying away the capital of the companies and their shareholders is also charged to the revenue side. I do not see why that should be done. This question has been discussed in this House and the House has expressed its opinion that amounts spent on paying away the capital of the companies ought to be charged to capital. Still the Government insist against all rules of sound finance to charge to revenue amounts spent in paying off the capital of the companies in the form of annuities.

Mr. G. G. Sim: No.

Mr. N. M. Joshi: Have you not done it this year? There are other matters in which Government have been charging the revenues instead of the capital thus making it difficult to reduce the railway fares. Sir, I do not wish to speak much more on this point because it has been discussed

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very often, but I do hope that the House will pass my reduction in order to give a clear indication to Government that the third class railway rates must be reduced.

Mr. President: Motion moved:

“That the Demand under the head ‘Railway Board’ be reduced by Rs. 1,000.”

Kumar Ganganand Sinha (Bhagalpur, Purnea and the Sonthal Parganas: Non-Muhammadan): Sir, I had given notice of an amendment but my cut is not so large as that of my Honourable friend, Mr. Joshi, and I rise to support the motion of my Honourable friend. Those who have moved among common people and have had occasions to talk to them will bear me out that there is a widespread discontent with regard to the enhanced third class fares. Season after season, year after year, interpellations, motions and Resolutions have been brought before this House urging upon Government the necessity of reducing the third class fares. Instead of meeting the popular demand, the Honourable the Commerce Member in his speech on the occasion of his presenting the Railway Budget said that such a course is impossible, and in support of his contention he cited a formula to which he rigidly adheres. The formula is, can the traffic bear the rate? He considers only that aspect of the question. Unfortunately, he does not consider under what hardships a third class passenger pays his railway fare. If he wants to know that he should go to the villagers or have a confidential conversation with any of the third class passengers, and then he will be convinced that the question of reduction of fares is really a thing which every third class passenger has taken to his heart. I submit, Sir, that the formula is exceedingly misleading because it taxes a man who has not got the capacity to pay.

The Honourable Sir Charles Innes: It is not a tax.

Kumar Ganganand Sinha: It is a tax more or less. It is a tax on railway passengers. The Commerce Member has reduced the fares of those who can well afford to pay even more than what was the enhanced rate for travelling in the first or second class, but he has turned a deaf ear with regard to those who have, as I have already submitted, great difficulty in defraying those expenses and it is only because of necessity, as has been shown by my Honourable friend Mr. Joshi, that they have to pay it. I submit, Sir, that the railway authorities should not overlook this very important point of view and I also submit, as has been pointed out by Mr. Joshi, that they can find out ways and means to reduce the fares if they desire it sincerely.

Khan Bahadur W. M. Hussanally (Sind: Muhammadan Rural): It is impossible for anybody not to have sympathy with my friend Mr. Joshi in the object which he has in view. The fares on all railways and of all classes had to be increased about cent. per cent. during the war. At least that was the case in the case of the North Western Railway. At that time all prices had gone up and the railways could not be kept up and could not pay their expenses. My Honourable friend Mr. Joshi thinks that the first and second class fares had been reduced, but let me assure him that that is not the case at least in the case of the North Western Railway so far as I am aware. My friend Mr. Joshi said that the travelling of first and second class passengers was more for luxury than anything else. I beg to differ from him in that view. On the contrary, I

think that the railway travelling of the third class passengers is more for luxury than that of the first and second class. My Honourable friend is laughing. I will give him one reason. The third class passengers travel more to attend fairs, religious assemblages, pilgrimages and so forth, but the first and second class passengers generally go for business and not for luxury. The question of the reduction of fares for the third class passengers should not certainly precede the question of increasing their comfort on the railways and giving them facilities of travelling and more accommodation and more amenities. We have been crying ourselves hoarse upon that point for years past and, so far as I am aware, a provision has been made in the Railway Budget to give them more facilities and more accommodation while travelling on the railways. That is a question which in my opinion ought to precede any question of reduction of rates and fares as I consider that to be more important and urgent. Moreover, if the Rates Tribunal is to come shortly, I think this question ought also to be referred to that tribunal to consider how far the railway administration would be justified in reducing the rates of all classes, and more particularly of the third class travellers. I think it is a little too early . . .

Mr. N. M. Joshi: Do you want this House to forego its power?

Mr. W. M. Hussanally: Power to pass a vote of censure? That is what you wish us to do now. You are asking this House to pass a vote of censure against the Government for not reducing the third class fares. But that is a question which cannot be taken up until the whole question of rates is gone into, and that can only be done by the Rates Tribunal; but as I said just now, after the question of the convenience of the third class passengers is gone into and settled. That is a point which is of more urgent necessity than the reduction of rates and, as soon as that has been done, then it will be time for you to come forward and ask this House to reduce the rates and, if necessary, to pass a vote of censure. As I said, the Railway Rates Tribunal is shortly coming, and I think this question should also be referred to that body for decision. The House should not therefore pass this vote of censure. I beg Mr. Joshi to withdraw his motion.

Colonel J. D. Crawford (Bengal: European): I rise to support the remarks of my friend Khan Bahadur Wali Muhammad Hussanally. It is not that I have no sympathy for Mr. Joshi's proposals because we all know his kind heart and the solicitude he has for the welfare of the poorer classes. In this case I hold with my friend the Khan Bahadur that what the third class passenger wants more than the reduction of his fares is some convenience in his travelling. Anybody who has travelled by passenger trains and taken the trouble to look out of the window realises the hardships to which the third class passenger is subjected in our Indian railways. What we require for him are further facilities for travelling, more carriages and more trains. This will not be possible if you reduce the third class fares. As it stands to-day, I understand that you can for one anna travel 3 miles and that is a very cheap form of transportation. The question that this House has to consider is whether at the moment we want a cheaper form of transportation for the third class passenger or a better form, and I believe that the grievances about the high rate of fares exist more in the imagination of Mr. Joshi than in the minds of third class passengers. Mr. Joshi by his motion at the moment is endeavouring to commit the

[Colonel J. D. Crawford.]

House to a reduction of third class fares. He has not studied the subject from the wider point of view as to what is best for the third class passenger and I again state that in my opinion

Mr. N. M. Joshi: May I say one word, Sir. The Honourable Member does not see that the amenities of third class passengers, such as increasing the coaches and others, are charged to the capital account and not to the revenue at all. There is no connection between the two.

Colonel J. D. Crawford: I still hold that we have to find the money to provide those greater conveniences for third class passengers, which is what they really want. I think the House will be ill-advised to press this motion for reduction of third class fares. I again agree with my friend the Khan Bahadur that this is a subject which might well be referred to the Rates Tribunal when it is formed. For the moment we should endeavour to do our best to improve the travelling conveniences of the third class passengers.

Dr. K. G. Lohokare (Bombay Central Division: Non-Muhammadan Rural): The argument advanced by the Honourable Member opposite in his speech on the Budget is the criterion—"can the traffic bear the rates?" I take his standard and examine the statistics that are before us. In 1921-22 we had a proportionate rise in the second class fares and in the first class fares but the fall in the number of passengers in 1922-23 is 14 millions, while the rise in the number of third class passengers is only 14 millions. If there is a rise in third class passengers it is due to a shifting of second class ones to third class; there is practically no rise in the actual third class travellers. That is for 1922-23. Taking 1923-24, we have a fall in second class of only 6 million passengers and in the first class about one million. The total increase in third class passengers in 1923-24 is 10 millions, that is, at the utmost a net increase of two or three millions. Coming now to the earnings. From the figures of 1922-23 we find that third class earnings have risen only 400 lakhs. When the fares were raised from 3 to 4 pies per mile the increase in earnings should have been at least one-third, whereas the increase is one-seventh. Proportionately, therefore, here as well we have a fall. Taking next the figures for 1923-24, we have no rise in earnings at all and the earnings of third class passengers have not risen. Surely, if the traffic would have borne the rise there should have been a proportionate rise according to the rise in fares.

Another thing I wish to advance here is the earnings of each coaching vehicle per mile. I have these statistics before me furnished in reply to interpellations here. In 1920-21 a third class coaching vehicle earned 60.78 pies per mile, while in 1921-22 it was 55 pies and in 1922-23 it was 68. Now the fares in 1922 were increased by one-third, that is the earnings should have been nearer to 80 pies per mile, but there is no proportionate rise in earning capacity. Consequently, it clearly shows that instead of getting a proportionate rise in the earning of third class coaching vehicles per mile we have a fall. That means that the third class traffic could not bear the rates. That is what can be seen from the statistics. There is another argument in favour of the contention that these third class passengers cannot bear the rates. We have seen that second class passengers have swelled the number of the third class. Now if there had been a

fourth class we could have seen what number of third class passengers resorted to the lower class. But we have no fourth class and there is no alternative for third class passengers but to travel third. Consequently their continuing to do so is not a real test of their capacity to meet the charges, and even so we have seen that the earning capacity of each coaching vehicle per mile has not increased proportionately to the rise in rates. The argument of the Railway Member therefore, that third class traffic can bear the rates is sufficiently broken I think by the statistics of earning of coaching vehicles per mile and of the total earnings that have been furnished here. The only best thing to do I think in the interests of the traffic and even in the interests of railway earnings is to reduce the third class fares and introduce the return ticket system which prevailed before.

The Honourable Sir Charles Innes (Commerce Member): Sir, I would like to say at once that I welcome this discussion. In fact I put those remarks in my budget speech because I hoped that this very important matter would be discussed upon the floor of this House. And I have another preliminary remark to make and I am afraid that it is a remark in the nature of an apology. I must apologize to the House for giving a wrong figure to the House in replying to the debate on the general discussion of the Budget on Monday. The House will remember that I said that third class fares have gone up 33 per cent. I made a mistake. Since Monday I have taken the opportunity to find out exactly what the increase in fares has been since 1913-14. I am not going by maxima or minima or anything of that kind. I am going to give the House the average rate charged in 1913-14 and the average rate we get now from the different classes of passengers. In 1913-14 the average rate charged per passenger per mile in pies was for first class passengers 14'48; in 1923-24 it was 24'38. That means that the average rate we were charging a first class passenger per mile in 1923-24 was 68 per cent. greater than it was in 1913-14. As regards second class passengers in 1913-14 the average rate per mile was 6'60 pies; in 1923-24 the average rate per mile was 11'78 pies. That is an increase of 77 per cent. For intermediate class passengers the average rate in 1913-14 was 3'14 pies, and in 1923-24 it was 5'42 pies; an increase of 70 per cent. As regards third class passengers the average rate in 1913-14 was 2'29 pies per mile; in 1923-24 it was 3'53 pies per mile; and that is an increase of 54 per cent. (*Dr. K. G. Lohokare*: "Why not take the average of 1919"?) I am taking the average before the war and now. I think that is the most convenient measure of comparison. And in the same period, my office tells me that working expenses in 1923-24 were 106 per cent. greater than they were before, in 1913-14. And though our working expenses are 106 per cent. greater in 1923-24 than they were in 1913-14, we are charging third class passengers only 54 per cent. more. I want to take this matter in the first place purely from the financial point of view, and I should like to say that I do not think *Dr. Lohokare's* figures were quite correct. I do not think he had read the table on page 27 of the Railway Board's Report for 1923-24 correctly. As I have said, we are at present charging third class passengers at 3½ pies per mile, and it was calculated that if we made such a reduction as would reduce that average rate by half a pie per mile, it would cost us 4½ crores of rupees. (*Diwan Bahadur T. Rangachariar*: "May I know what is the maximum rate for third class"?) I will give that to the Honourable Member later. Of course we might recover some of this loss if we could increase our

[Sir Charles Innes.]

passenger traffic. I admit that. But there are two points to be considered in that connection. In the first place it always takes a considerable time for traffic to react to a reduction in rates. That is the first point I want to make. The second point I want to make—and I am afraid it is a fact—is that we cannot hope for any great increase of traffic simply because we could not carry the traffic. And so the first point I wish to bring home to the House is that, supposing we were to make such a reduction as to reduce our average rate for third class passengers by half a pie per mile, it would cost us $4\frac{1}{2}$ crores next year. What would be the effect upon our Budget for next year? We are budgeting for a surplus on commercial lines of 10 crores. The effect therefore would be that if we once introduced this reduction we would reduce that surplus on commercial lines to $5\frac{1}{2}$ crores. Our gross contribution from commercial lines to the general taxpayer is 645 lakhs. The effect of this measure will be that instead of being able to pay, as we hope, 328 lakhs into our reserve, we should not be able to pay anything into our reserve at all; on the contrary we should have to take out of our reserve a crore of rupees more to enable us to pay our contribution next year. That is the first point I wish to make; and I beg the House to observe that, as Sir Purshotamdas Thakurdas pointed out, our estimates for next year are based upon normal conditions. They are based upon a moderately good state of trade and a normal good monsoon. We cannot bank on having a normally good monsoon. We may have a very very bad one, and if we did have a bad one, then we should not get even the ten crores of profit which we are estimating for. Then again, I should like the House to remember that if they followed my calculations and if we should have carried out Mr. Joshi's proposals, we should have reduced our earnings next year by $4\frac{1}{2}$ crores, and in order to pay the increased contribution we should have to take one crore out of our reserves. Our reserves at the end of this year, we hope, will be 410 lakhs. That would leave us just 310 lakhs. Now in the following year we have got to pay to general revenues from commercial lines 780 lakhs of rupees. That is a very very heavy contribution indeed, and if again we had a bad year, the whole of our reserve would go.

Now, let me come to this point which has caused so much discussion. I refer to my statement that the rate should be what the traffic can bear. Mr. Joshi challenged that statement. I was merely giving the maximum followed by the railway management in every country in the world. (Mr. N. M. Joshi: "Maximum rates.") You charge what rate the traffic can bear. Now as I said, speaking on the subject of a Rates Tribunal, this question of rates fixation is I imagine one of the most complicated and technical matters in the world. I do not profess to know very much about it, I am certainly not an expert, but I wish to quote to the House what an acknowledged expert says. Mr. Joshi will see that I was perfectly justified in using that expression. Sir William Acworth says:

"If a railway is to have any chance of being a financial success a service for passengers must be given whether it contributes its fair share of the total cost of the railway services or not. But what is its fair share? In the familiar railway phrase, the answer is that the management endeavours to charge each category of traffic what the traffic can bear. The idea is fundamental, the practice is universal."

Now let me go a little deeper into this matter. Though I am not the least bit unsympathetic with Mr. Joshi in this matter, I do not believe that it will be worth making a reduction of half a pie per mile in passenger fares if it is to be merely what I might call *bakshceesh* to the third

class passenger. Now I should just like the House to consider what it means. We know from our statistics that we carry 512 million passengers. We know from our statistics that the average journey of each passenger is 84 miles; and we know that the average which the third class passengers pay is $3\frac{1}{2}$ pies per mile. Now the reduction of half a pie per mile on the average journey undertaken by each passenger would mean 17 pies. Now we carry 512 million passengers; that is to say roughly, statistically speaking, each Indian makes two journeys in the year; and the actual results, if we made this reduction merely to confer a benefit on the third class passenger, would be that each individual would pay 17 pies less for each journey or 84 pies, or three annas, less for his two journeys in the year. Now I say that it is not worth doing that merely for the sake, as I say, of making a concession, because the individual benefit would be so small. In order to give that small benefit, we should deplete our reserves; and I hold the very strongest conviction on this point. I believe that we should do more good to India as a whole by building up this reserve in order that we can go in for a more forward policy of development. I hold that the thing that the Government can do most to assist Indian industries is to create the conditions for industries, and you best create conditions for industries by improving your communications, that is by developing your railways; and I hold that the development of your railways in India is one of the best ways in which, as I said before, you can increase the prosperity of India. And what would be the result of increasing the prosperity of India? I am perfectly sure that Mr. Joshi will agree with me that the result will be that it will raise the general standard of living throughout India; and I believe that there is no greater good that we can do to India than to raise the general standard of living throughout India for everyone. Half the trouble—and I speak now as one who has for some time been a Director of Industries—half the trouble, half the difficulty in developing the industries of India is that the ordinary average Indian has got so very few wants. After all, industries meet the wants of the people; and if the great bulk of your people have got very few wants, that is the main difficulty you have in creating industries in India. If you increase the standard of living in India, you increase the wants of the people, and you give your industries a chance. That is putting it on the broadest possible ground. But I would not like the House to go away with the idea that I am in any way unsympathetic in this matter. I am not. I would now like to refer again to this book by Sir William Acworth and to give Mr. Joshi and the House certain other railway principles. One of the principles is this. Get traffic; the more traffic carried, the less it costs to carry; therefore, first and foremost, get traffic. (*Mr. N. M. Joshi*: "Reduce the fares.") Quite so, that is exactly my point. If by reducing your fares when the time is ripe you can show that you will get more traffic, then I am quite prepared to agree that it would be worth doing. We in the railways hold by this principle. It is so much better to get a small margin of profit on a large turnover than to get a large profit on a small turnover; and if we could see our way by reducing these fares to get this large increase of traffic, then certainly it would be worth doing. But I would ask the House to examine this point further. As I said in my budget speech, in the last three years our annual increase of third class passengers has been ten million passengers a year. The average rate of increase per year before the war was about 20 million. When we were charging an average of 2-29 pies per mile our average rate of increment per year was 20

[Sir Charles Innes.]

million passengers. Supposing by reducing our fares we get back to that rate of increment. At the present time it is ten million. If we get back to the old rate of increment, we should get 10 million passengers per year more than we are getting at present. Now I have told the House that our average rate is 8.53 pies. We will assume it is reduced to three pies. The average passenger journey is 34 miles. We will assume it goes up to 36 miles. That means that each of these passengers will bring us in nine annas. That means that ten million passengers will bring in a revenue of 56 lakhs. Now just consider how long it would take at that rate of increment to get back the 4½ crores we should sacrifice. The House will see that this is a matter which we have to go into and to consider rather carefully. But as I have said, I am by no means unsympathetic or stiffnecked in this matter. We have the results of only one year's working before us. We have just begun to build up a nucleus of a reserve. I said that the proper way for us to deal with this matter is this. Let us see how we get on next year. Let us see what the monsoon is like. Let us see how our gross returns are coming in. We have these figures under constant examination. We are always collecting statistics. I will undertake that in the autumn of next year, towards the end of next year, we will have the whole matter re-examined again, and we will consult the Railway Standing Finance Committee, and then we shall be able to come before this House this time next year and will place the facts before the House, and then the House will be able to decide that very important question raised by Mr. Hussanally and Colonel Crawford, namely, whether it would be wise to spend any money we can afford in improving facilities, improving conveniences, or in reducing rates. But I do suggest to the House that the time is not ripe for a decision on this matter now and that it would be wrong on the part of

12 Noon.

the House to accept Mr. Joshi's motion.

Mr. Harchandrai Vishindas (Sind: Non-Muhammadian): Sir, in addition to the remarks that have fallen from those gentlemen who have spoken before me against Mr. Joshi's motion, I have only to make a few observations. The first is that I have not at all heard any complaints from third class passengers themselves to the effect that the fares are very high. Of course I do not blame Mr. Joshi because he takes up cudgels for the poor: he is a labour member. But so far as the poor are concerned, I do not think they are in the least affected by these railway fares. (*Voices*: "No, no".) I wish enthusiastic Members will allow me to speak: they can have their say. It is very easy to win cheap popularity by being a poor man's friend like Sir Joseph Bowley. When this discussion goes abroad in the newspapers, I would be condemned as the poor man's enemy and those gentlemen who are shouting will be praised as the poor man's friends. Still I am open and frank enough to say that these third class passengers are not at all affected. Before railways came into this country they used to travel by camels and by bullock carts. How much time did that take? Anybody, poor or rich, who has to go from place to place must go. Now, I say that by railways, these poor people have been very greatly benefited in the method, in the expedition of travelling and in the fares that they have to pay. I learn from an expert that third class fares in India are the cheapest in the world. If I am wrong

Mr. N. M. Joshi: May I ask what is the income of the average Indian and what is the income of people in other countries?

Mr. Harchandrai Vishindas: I can give the answer. The railways have so far improved the conditions of the poor travelling public, that they have to pay much less fares and they travel more speedily than they did before railways were introduced; and it is for the benefit of the poor, as Sir Charles Innes has pointed out, that we should have these reserves, so that we may improve communications and assist the poor in better ways. It is, I think, a very unwise policy to throw away such a large amount of money merely for the sake of say '53 pies per mile. The individual is not affected in the least. If a poor man has to go from place to place, I do not think he is in the least inconvenienced by this '53 pies. I say this is an occasion when we ought to take into consideration our financial position, the future of the Railways, and, as Sir Charles Innes pointed out, by adopting this motion we will be throwing away money which can be very well utilised for improvement of communications in the future.

Mr. Narain Dass (Agra Division: Non-Muhammadan Rural): Sir, while listening to the discussion on the reduction of third class fares, certain statements have certainly stupefied me. Let me assure you that I am not so entirely unacquainted with third class travelling. I confess that I have done a lot of travelling by third class on railways, and I really wonder whether there could be an Indian who has not heard the repeated complaints, repeated complaints in the clearest terms, about the abnormal rise in the third class fares. Whatever may have been the normal increase in the passenger traffic, I may assure the House that it has been very badly hampered simply because of the enormous rise in third class fares. Third class travelling has been designated as a "luxury", as a means of satisfying one's luxurious habits. I wonder how such an idea has originated. It is absolute necessity that compels a poor man to travel at all by railway. When he cannot do the distance by trudging, when horse and cart and wagon fail him, it is then that he takes to railway trains at all; and I know how this exorbitant rise in third class fares has told upon his pocket. Whenever there is a financial question, when there is a question of money, these average calculations of so many annas per head, so many pies per head, merely count for nothing. In the poorest country in the world 3 annas a head or 4 annas a head seems to convey no meaning at all to the financial experts. Well, if we manipulate our taxes at so many annas per head, we could raise crores and crores of rupees. I can suggest a number of ways in which two annas per head might be inflicted in a variety of ways. What will be the accumulated drain on the poorest of people in the country? Is that ever realised? If I have been able to catch the Honourable Member aright I think I heard that we will have to sacrifice 4 crores of rupees for a very nominal reduction of half a pie per mile—(*An Honourable Member*: "4½ crores".) Well, 4½ crores of rupees. Is it not a very big sum? Will it not go to the help of so many starving people? Will it not add to the feeling of relief of these people? And how many industries this will go to support. Half a pie per mile seems to be nothing in the calculation of financial experts. But what is the total volume that we draw from those poor people? Sir, I assure you that these surplus railway budgets are simply the results of very abnormal, conscience-less rise in the rates, specially in third class passenger traffic. I earnestly urge on the House the absolute necessity of pressing this motion to a division. Third class travelling may be compared to the use of salt, so far as the poor, the labourers and agriculturists are concerned. I would rather not have the so-called improvement in the amenities and comforts of the third class passengers, if these are made a pretence to deprive the poor of a bare living. Sir, I support Mr. Joshi's motion.

Mr. K. Rama Aiyangar (Madura and Ramnad *cum* Tinnevely: Non-Muhammadan Rural): Sir, Motion No. 18 in the list is one of my amendments and I would like to explain that to the House. Now, my Honourable friend Mr. Harchandrai Vishindas seems to have thought that the third class passenger does not complain. I do not know if he has studied the statistics on the subject or read the last Administration Report. At page 22 it will be seen that they compare the number of passengers of the third class of the years 1910 to 1914 with the number of passengers between the years 1920-1921 and 1923-1924. It will be clear that the number of third class passengers was rising each year then at the rate of 16 to 25 millions per year. But subsequently it has been 2 millions in one year and only 10 millions each in the other years. It will be seen clearly therefore that the third class passenger prefers to walk now and goes from place to place sacrificing his time and convenience and could not pay the little extra. Again, my friend Mr. Harchandrai Vishindas thinks that 53 pies is nothing to him. Of course with all his status and other things he may say so. But the poor man has to pay. 24 miles is the average travelling of each passenger according to statistics. Even for 24 miles he will have to pay 12 pies, and 12 pies is not easy for a poor man both morning and evening to go to his place of work and return. I really ask is there any point in that.

I will now take up the point taken up by the Honourable Sir Charles Innes: that is a point we have to deal with. I submit, Sir, I have dealt with it in the speech on the budget discussion. I referred to the fact that whereas we are putting the revenues of next year at 101 crores, we are putting the working expenses at 3½ crores more also; that is for an extra revenue we budget of 8 crores we put extra expenditure of 3½ crores. If you will look into the papers you will see the figures. Suppose this 3½ crores extra budgeted for is not there, you should have another 8½ crores next year to go into the reserve fund, the depreciation fund, as also the contribution to the general revenues. You can now understand . . .

Mr. Harchandrai Vishindas: Will you allow me to say a word, Sir?

- The figures appearing at page 22 of the Report of the Railway Board show that the number of third class passengers has been steadily year after year increasing from 1910 right up to the year 1923-24, that is 3 lakhs odd in 1910 to 5 lakhs odd in 1923-24.

Mr. K. Rama Aiyangar: My friend apparently has not followed me. Between 1910 and 1914 the increase per annum ranges from 16 millions to 27 millions, while the increase from 1921-22 ranges between 2 millions and 10 millions. I think I am perfectly right. My friend has not followed my statement. Therefore, it only shows that the same number of passengers that were willing to travel by train would not travel under the increased rates in the same numbers. That is the effect, Sir, in spite of a thousand miles increases in the railway lines. You will find, Sir, that in spite of an extra 3½ crores budgeted for this year, they are making provisions for everything needed by my Honourable friend Mr. Hussanally and my other friend who followed him to support him, only because he found some kind of help in that direction. I submit, therefore, that the amenities for third class passengers are provided for abundantly and it has been explained on behalf of Government by the Honourable Sir Charles Innes that whatever could be done is being done and more would be done if it is possible. I have no doubt that the Honourable Mr. Hindley is particularly attending to that and the amount that has been provided for in

the Budget is absolutely sufficient for that purpose. The question that really arises is: Can we next year sacrifice $4\frac{1}{2}$ crores when we expect to build up only $7\frac{1}{2}$ crores of reserve within next year? But, as I pointed out at the commencement of my speech, it is not only that. You build up $7\frac{1}{2}$ crores or $7\frac{1}{2}$ crores for the reserves next year; you build up about $3\frac{1}{2}$ crores in the depreciation fund before next year and you have given more than 11 crores after deducting the military line losses to the general revenues. All these no doubt will be affected if you take this $4\frac{1}{2}$ crores. The Honourable Sir Charles Innes told us that the year after the next you may have to give 7 and odd crores to the general revenues. I will immediately say that in the year after that it will become less if your income of 2 crores becomes less next year, because we choose to take the income of the penultimate year. It so happens that in the year after the next you have to pay 7 crores but the income next year becomes less. The year after that you have to pay less to the general revenues. The question, then, is whether this 4 crores is really worth sacrificing in the interests of the tax-payer? Should you, when you are now making 100 crores, go on adding to your expenditure and put all the extra income that you are getting year after year under the head of expenditure, or should you control your expenditure and really help the tax-payer, who has only in 1922-23 been charged extra. In connection with that question there is another very vital point which has not been taken note of. What did the Honourable the Commerce Member and the Honourable the Finance Member do when they budgeted for this .5 pies per mile extra? They expected to get 6 crores of rupees extra. This point has also been referred to in the Retrenchment Committee's report in paragraph 4. The Committee says that 6 crores of rupees extra were anticipated. But what was the result? Actually, the passengers did not travel as they expected them to travel and the result was they got only about 2 crores and this amount of 2 crores they may actually get by the increase of passengers next year. I have already shown that 25 millions per annum has been the increase in the number of passengers each year when you were going at the lower rate. With the higher rate it has been reduced to 10 millions, leaving the rest 15 millions who do not travel in this class at all. Now, these 15 million passengers may be expected to travel also. The question then was raised by the Honourable Sir Charles Innes in his opening speech that there may not be sufficient number of coaching carriages available. That question apparently has not been taken up now because it looks as if they will certainly be able to bear this extra number of passengers that might travel. In fact, each year the number has grown. In the year 1922-23, which was the year of the Retrenchment Committee's report, they calculated 21 per cent. extra passengers to travel over 1914 but the number of carriages was less in proportion. But since then there has been an increase in the number of carriages—I do not know the percentage of the increase,—but certainly the number is much more than will be necessary for the third class passengers that you might expect to travel next year. What I mean to say is that there may be an extraordinary increase in the number of shuttles to be run and that will quite meet the purpose. Sir, what I wish to say is this. They anticipated 6 crores in 1922 but they got only 2 crores. Now, it is just likely, when you anticipate nothing next year, you may practically make up your past losses by the increase of passengers. Suppose you do not get the full profit of 12 crores that you anticipate for next year and if there is really a loss of income, then the expenditure will also be decreased. Taking all these

[Mr. K. Rama Aiyangar.]

facts into consideration which I mentioned in the opening part of my speech, I think it is not absolutely impossible that you should be able to cut your figure by $4\frac{1}{2}$ crores. I shall have no objection if the reduction is so made that it is restricted to 100 miles or 50 miles, so that the actual loss that might be incurred by the Government may not be more than 2 crores. It is possible to work out the figures in order to achieve this end. I do want that the tax-payer should not be worried more than he has already been worried and that he should be given immediate relief. If you do that you will not lose because you have got enough money. Next year you want to budget for $3\frac{1}{2}$ crores more. Stop it. I would like to stop that extra expenditure because you have already put in the present Budget considerable sums of money. Under these circumstances it would be a sordid plan if this Assembly cannot see its way to help the poor tax-payer to the extent of 12 pies per head and thus enabling him to travel 6, 10 and 12 miles for the sake of eking out his little existence. It will be wrong on the part of the Assembly not to help the tax-payer immediately, so that he may have some relief.

Khan Bahadur W. M. Hussanally: May I inquire from the Honourable Mr. Rama Aiyangar if he has taken account as to how much of these 12 pies will go to grog shops, cinemas and theatres?

Mr. President: The original question was :

"That a reduced sum not exceeding Rs. 9,08,900 be granted to the Governor General in Council to defray the charge that will come in course of payment during the year ending the 31st day of March, 1926, in respect of the 'Railway Board'."

• Since which a motion for reduction has been moved :

"That the Demand under the head 'Railway Board' be reduced by Rs. 1,000."

The question I have to put is that that reduction be made.

The Assembly divided :

AYES—50.

Abhyankar, Mr. M. V.
Acharya, Mr. M. K.
Aiyangar, Mr. C. Duraiswami.
Aiyangar, Mr. K. Rama.
Alimuzzaman Chowdhry, Mr.
Aney, Mr. M. S.
Badi-uz-Zaman, Maulvi.
Belv, Mr. D. V.
Chaman Lall, Mr.
Chanda, Mr. Kamuni Kumar.
Chetty, Mr. R. K. Shanmukham.
Duni Chand, Lala.
Dutt, Mr. Amar Nath.
Goswami, Mr. T. C.
Govind Das, Seth.
Gulab Singh, Sardar.
Hans Raj, Lala.
Hari Prasad Lal, Rai.
Ismail Khan, Mr.
Jyengar, Mr. A. Rangaswami.
Jeelani, Haji S. A. K.
Joshi, Mr. N. M.
Kazim Ali, Shaikh-e-Chatgam Maulvi
Muhammad.
Kidwai, Shaikh Mushir Hosain.
Lohokare, Dr. K. G.
Makan, Mr. M. E.

Mehta, Mr. Jamnadas M.
Misra, Pandit Shambhu Dayal.
Misra, Pandit Harkaran Nath.
Murtuza Sahib Bahadur, Maulvi
Sayad.
Nambiyar, Mr. K. K.
Narain Dass, Mr.
Nehru, Pandit Motilal.
Nehru, Pandit Shamlal.
Neogy, Mr. K. C.
Patel, Mr. V. J.
Piyare Lal, Lala.
Ray, Mr. Kumar Sankar.
Roy, Mr. Bhabendra Chandra.
Samiullah Khan, Mr. M.
Sarda, Rai Sahib M. Harbilas.
Sarfaraz Hussain Khan, Khan
Bahadur.
Shafee, Maulvi Mohammad.
Singh, Mr. Gaya Prasad.
Sinha, Mr. Ambika Prasad.
Sinha, Kumar Ganganard.
Syamacharan, Mr.
Tok Kyi, Mawng.
Venkatapatiraju, Mr. B.
Yakub, Maulvi Muhammad.

NOES—48.

Abdul Mumin, Khan Bahadur
Muhammad.
Abdul Qaiyum, Nawab Sir Sahibzada.
Abul Kasem, Maulvi.
Aiyer, Sir P. S. Sivaswamy.
Ajab Khan, Captain.
Akram Hussain, Prince A. M. M.
Ashworth, Mr. E. H.
Bhore Mr. J. W.
Blackett, The Honourable Sir Basil.
Bray, Mr. Denys.
Burdon, Mr. E.
Calvert, Mr. H.
Clow, Mr. A. G.
Cocke, Mr. H. G.
Cosgrave, Mr. W. A.
Crawford, Colonel J. D.
Dalal, Sardar B. A.
Fleming, Mr. E. G.
Fraser, Sir Gordon.
Ghose, Mr. S. C.
Hindley, Mr. C. D. M.
Hira Singh, Sardar Bahadur Captain
Hudson, Mr. W. F.
Hussanally, Khan Bahadur W. M.
Innes, The Honourable Sir Charles.
Lindsay, Mr. Darcy.

McCallum, Mr. J. L.
Mitra, The Honourable Sir Bhupendra
Nath.
Moir, Mr. T. E.
Muddiman, The Honourable Sir
Alexander.
Muhammad Ismail, Khan Bahadur
Saiyid.
Naidu, Mr. M. C.
Raj Narain, Rai Bahadur.
Rangachariar, Diwan Bahadur T.
Reddi, Mr. K. Venkataramana.
Rhodes, Sir Campbell.
Rushbrook-Williams, Prof. L. F.
Sadiq Hasan, Mr. S.
Sastri, Diwan Bahadur C. V.
Visvanatha.
Sim, Mr. G. G.
Singh, Rai Bahadur S. N.
Stanyon, Colonel Sir Henry.
Sykes, Mr. E. F.
Tonkinson, Mr. H.
Vishindas, Mr. Harchandrai.
Webb, Mr. M.
Willson, Mr. W. S. J.
Wilson, Mr. R. A.

The motion was adopted.

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

NEW BRANCH LINE POLICY.

Mr. A. Rangaswami Iyengar (Tanjore *cum* Trichinopoly: Non-Muham-
madan Rural): Sir, I beg to move:

“That the Demand under the head ‘Railway Board’ be reduced by Rs. 100.”

The matter upon which I want this reduction to be made is that the Government of India and the Railway Board have dealt with the question of branch lines and their development by District Boards apart from private companies in a most unsatisfactory manner and this motion is intended to mark the dissatisfaction of this House with this policy.

Sir, in connection with the Budget, the Honourable Sir Charles Innes told us that the Government have revised their old Resolution in regard to branch line terms and that they have issued a new Resolution and that this Resolution embodied a policy which had been put before the Railway Advisory Council and that the new policy was a very satisfactory settlement of a long-standing dispute. I entirely demur to that conclusion. I contend, Sir, on the other hand, that this Resolution is a most unsatisfactory one so far at least as the point upon which I want to lay emphasis, namely, that of the construction of branch and light railways by District Boards, is concerned. If we examine, Sir, this Resolution as to what is called the new branch line terms we find that it is a case of writing upon snakes in Iceland. There are no snakes in Iceland and therefore there are no branch line terms offered in this Resolution. This Resolution takes away once for all the concessions which the Government of India used to give to private companies formed in this country for the promotion of branch lines.

[Mr. A. Rangaswami Iyengar.]

It also leaves in a most unsatisfactory condition the position of District Boards which took advantage of these concessions and which have already in my province built a number of paying railways and have had under their consideration a number of new extensions of those railway projects. They have put up in my province a sum of nearly Rs. 187 lakhs for financing these new constructions, a sum which has been kept without being put to any of these purposes mainly by the obstructive and the dilatory policy of the Railway Board and of the companies under whose inspiration the Railway Board apparently acted. And this they did in spite of the fact that the Local Government concerned were doing their best to persuade the Railway Board to come to their rescue and to help these District Boards in the promotion, construction and maintenance of these railways. That, Sir, is a matter of history into which I do not want to enter at any length on this motion, nor do I want at this stage to deal with the question as to what extent branch line companies formed in India should hereafter be permitted to launch upon projects of feeder or subsidiary railway construction. So far as that is concerned, Sir, I take it that the policy to which the Government of India at the instance of the Assembly has been committed, namely, the policy of nationalisation of railways by State ownership and State management of Railways, will fully apply. It has placed beyond question the proposition that railway enterprise, in so far as the main question of the development of the railway systems of India is concerned, should hereafter cease to be placed in the hands of private companies or be subject to all the complications, to all the burdens and all the injustices to which we have been subject on account of the past policy of the Government. I am, Sir, here concerned only with the question as to what extent the enterprise of Local Boards in regard to this railway construction and development has been encouraged or discouraged by the Government of India and the Railway Board. As I have said, District Boards in my province have been seriously discouraged. I am bound to say that the Government's present Resolution, far from helping District Boards in the solution of this problem, has left the matter exactly where it was and as undecided as it ever was. They have given them no light or leading nor have they held out to them any prospect of being able to satisfy the just expectations which they formed and on the faith of which they had built up their own railway policy.

Sir, we have been told that in respect of the Railway Budget this House should treat it from a point of view different from that of the ordinary Budget. At the same time, we have been told that the convention by which railway finance was separated from general finance was intended really to give greater facilities for this Assembly to give expression to its views and to enable the Government of India to give effect to the policies and opinions which this House may from time to time express. The main question whether this Assembly possesses or should possess the power to control the railway policy of the Government of India is a question upon which, I am sure, no convention is required. Either we possess the control under the present Government of India Act or we do not possess the control. If we do not possess it, the convention will not give it. If we possess the control, no convention on the part of the Government of India can take away that control and if it is intended to take away whatever little control we may have, I say, Sir, that convention will stand self-condemned. I take it, then, that that is not the position of the Government of India and therefore it is I claim that, so far as this Assembly is concerned, the

control which this Assembly ought to exercise over this question of branch line construction and over the question of railway enterprise on the part of District Boards is a matter upon which the opinion and decision of this House ought to have been taken before this Government Resolution was issued. I say so, Sir, because this matter of the unsatisfactory nature of the relations of District Boards with the Railway Board in respect of railway construction, has been a matter which was before the local Legislative Council in my province repeatedly on many occasions and the opinions of the representatives of the people of Madras in that Council have been conveyed to the Railway Board on many occasions. In spite of that, the Railway Board far from bringing up that matter for decision before this House now merely say that they placed this policy of leaving the construction by Companies of branch lines alone before the Advisory Board and have issued this Resolution merely on the strength of an opinion obtained from this Advisory Board, under circumstances, I do not know, what. I say this, Sir, because I find that the Resolution itself, so far as the question of District Boards is concerned, has left the matter in as great a doubt as it ever was. The result of leaving this matter in such great doubt is to hold up railway construction and development by District Boards in the same way in which it has been held up for the past 20 years. The Acworth Committee itself has referred to a case, in which a small extension of a branch railway by a District Board in the Madras Presidency was held up for over 10 years on account of squabbles between the railway company and the District Board as well as the Railway Board. That state of things Sir is very unsatisfactory and this Resolution has not improved matters.

My friend Mr. Moir yesterday was telling me—I am sorry he is not here in his place—he was telling me that I came down here to pipe, after a journey through the big gigantic railways they have constructed for us. I may assure my friend that I am not come here to pipe but to do my duty to my countrymen and to my constituents in the Tanjore and Trichinopoly districts where those railways have not been constructed. I am not here, Sir, to pipe my time. I am not one of those people of the Civil Service who have come here to record their votes like semaphores on the Railways and who have come up to add to the voting strength of the Government. On the other hand, I am here to voice the grievances of my constituency and I am not here by the favour or by the orders of any particular governmental authority in this land. Therefore, it is that I deem it my duty to say that in this matter of railway construction my districts are very much handicapped. The sole question on the matter of principle is this. I accept unreservedly the policy of nationalisation of Railways. But taking the question of nationalisation as a general issue, I would put it to the House whether this question of nationalisation is not divisible into two parts, namely, State ownership and management of the main arteries of communication and the municipalisation, if I may put it, of all feeder lines, tramways, light railways and the rest. If the policy which was adopted by this Assembly was sound on the question of the main lines of railway communication of the land, I say it follows as a natural consequence that the policy of municipalisation of tramways, light railways and feeder lines ought to be one which should commend itself to the Government and to this House. From that point of view I say the Government of India have yet to approach this question. At the time when the Government of India Act was passed in 1919, Government affected to treat this question on this basis and in accordance with the Devolution Rules framed under section 45A and in accordance with the recommendations made by the Functions

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Committee, they said that Local Governments could thereafter take charge of provincial railway construction and permit municipal and local authorities to construct light railways, tramways, and feeder lines—"extra-municipal tramways", those are the words used—and that these lines could be promoted and carried out by means of private legislation in the several Legislatures of the provinces. I want to know what the Government of India have done to carry out this essential part of the reform scheme. They have left it where it was. On the other hand, the previous position was that under the Local Boards Act in my province, and as I am told, in certain other provinces, the local authorities were given full power to construct railways as well as tramways and feeder lines as part of the discharge of their statutory function of improving communications and also as part of the means by which they could improve their resources. When that was the state of the law and on the strength of these powers which they possessed under that Statute, the District Boards in my province proceeded to levy a special cess for the purpose of railway construction. But lots of difficulties were imposed before they were permitted to launch upon railway construction. Eventually the District Board of my district, Tanjore, persisted in its efforts and succeeded, thanks to the efforts of one of the great railway experts of this land, Sir Francis Spring, in laying down nearly 120 miles of railway in that district. It then proceeded to launch upon other schemes. I find in a report which has been prepared for the use of the Government of India by one of its experts who travelled in my province, these small projects, which the Tanjore and other District Boards intended to carry forward by means of a special cess and by means of loans which were to be floated on the guarantee of that special cess, numbered as many as 85. There were 26 projects in one group in the province and 9 projects of a purely subsidiary character, and of these as many as 12 are in my own district where they have put up the money necessary for the purpose of starting construction. We have been waiting for the sanction of the Railway Board, we have been asking them for light and leading, but they have given nothing. At the time the war broke out there was a line, a very important line—what is known as the Dindigul-Pollachi line which is now to be made part of the general system of the Government of India—which was about to be floated and carried out by the efforts of three District Boards jointly. That project was turned down at the instance of a private company in Madras which sought to compete and take away the rights which the District Boards claimed for themselves. In the meantime, war conditions intervened and that railway project could not be carried out. The result of it was that at the end of the war so many new conditions were said to prevail and the Railway Board said that they were examining the new conditions. They went on for years examining the new conditions and the railway projects still hung fire. Eventually, they sent down a special expert to study these things and make a fresh report. What does this report say? It merely says that so far as the lines which are paying and for which the District Boards have funds already at their disposal were concerned, they should be made a part of the Imperial scheme of railways, and as regards the other lines they may be given over to them. The effect of this decision which was tentatively communicated I am told to the Madras Government is this, "Heads I win, tails you lose." Sir Arthur Knapp the Member in charge of this matter in the Madras Government said in effect: "The Government of India have told us in effect that whenever a railway is paying they will take it over. Whenever a railway is not paying they say you had better construct or we will construct it for you, but you must

foot the loss." That is the policy which they told the Local Governments that they should adopt. (*The Honourable Sir Basil Blackett*: "Why not?") That is what he said. I have got his statement. I shall read it:

"My Honourable colleague has suggested that I should answer this question. As far as I can see, the position is fairly clear. The Railway Board have made a new declaration of policy. They have stated that in regard to lines which are likely to pay they would construct them themselves. In cases where it will not pay they wish us to take the financial responsibility."

(*The Honourable Sir Basil Blackett*: "Quite right. Why not?") That is not the question. My question is, why should you take the gains and not the Provincial Government? That is the question you ought to discuss and settle with them.

I shall not deal with the question as to what the law now is. As I have told the House, we do not know what the position is. There was a section in the Madras Local Boards Act which enabled the District Boards to levy a special cess for the construction of these railways. That section has been, at the instance of the Government of India, removed when the Local Boards Act was revised in my province a few years ago. But at the same time, they did not take away from the Local Boards the power to construct these lines, and now when the Local Boards apply to these people to construct lines for which they had already put up the money, they are told, "You are not to construct these lines until we permit you." The present Resolution of the Government of India on that matter is, I repeat, as unsatisfactory as ever. The Resolution in paragraph 15 says:

"In other words, the normal procedure will be the construction by the Government of India, or, at its cost, by a Company, of a branch line which a District Board or Local Government desires to have constructed and is prepared to guarantee. But, should the railway programme not permit the construction of such a line within a reasonable time, the possibility of permitting a District Board or Local Government to construct it from its own funds would require consideration."

That is exactly where we were before. What is the new thing that you have done in this matter? Sir, assuming for the sake of argument that, so far as the main lines of communication are concerned and those lines which depend for the traffic of the main line upon such branch lines as are essential to it are concerned, they should be run, owned and managed by the central authority, what is there in the way of the Central Government coming to the rescue of the local authorities and the Provincial Governments in developing the light and feeder lines, the extra-municipal and municipal tramways in our provinces? It has to be recollected that the Local Governments do not possess the army of railway and transport experts which the Government of India for themselves are adding to in such profusion. The Local Governments have necessarily to be guided by the Railway Board and the Railway Board always marks time over these matters. The Railway Board has done nothing. Now it has launched on a development of the railway programme in respect of lines which the District Boards have after trouble and investigation found to be profitable and these are immediately being taken over without the smallest compunction. I ask, Sir, what is to be the fate of the funds which the Local Boards have put up? Have you given them any guidance in the matter? Have you told them what to do with the funds? Again, what is to become of such lines as the District Boards now own and which you want to be treated as part of the main system? Are they to continue to own and manage them? Are they not to continue to be entitled to the profits thereon? You have said nothing on all these matters. But you will not

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allow them to proceed further. Apart from the main projected lines the Railway Board are to take over, there are at least 9 lines in my district alone which have got to be laid down. The Railway Board and the Government of India apparently do not propose themselves to launch on them in the near future. So far as these are concerned, what are the local authorities to do? Have you told them anything about those lines? You have said nothing. Then, again, you have got this law which says that light railways, tramways and feeder railways are matters upon which the Provincial Governments can proceed to function. I do not know what these light railways are and what these feeder railways and tramways are. No definition is given and, so far as I have been able to discover, I have not been able to find out what the distinction is between a light railway, a feeder railway and a tramway. The only definition that I could get at is from one of the old English Statutes and that says that light railways are those on which engines and carriages of no greater weight than 8 tons may be brought on to the rails by any one pair of wheels and the speed of trains is not to exceed 25 miles an hour. If that is the definition, then much of the South Indian Railway as worked at present would be a light railway. Therefore, we want to know what is your position in this matter and we say that after all this trouble taken by our Boards you have done nothing for us and it is up to this Assembly to mark its sense of displeasure and dissatisfaction at the manner in which the Railway Board have been toying with this question and toying with the rights and expectations of District Boards in my province. The Railway Board therefore in my opinion, unless it promises to take immediate steps to rectify this state of things, not only deserve censure for what it has done in the past but deserves to be censured for what it may do in the future. I do not want to overload my arguments but I merely want to say that in this matter the position of the Railway Board is absolutely indefensible. I therefore commend my motion to the House.

Mr. W. S. J. Willson (Associated Chambers of Commerce: Nominated Non-Official): My friend Mr. Rangaswami Iyengar has dealt with the policy of the Government in regard to District Board railways and I wish for one moment to focus the discussion on private enterprise. I shall touch later upon how it may affect District Boards. I want to make it perfectly plain to the House and to the Honourable Member opposite that I have not risen to-day to ask him to reverse the policy of the Government as expressed in the communiqué, No. 2181-F., recently published in regard to the revision of branch line terms.

I will start by remarking that there is a dividing line between tramways and railways. In the old days we had horse trams. They were succeeded by steam trams, then by electric trams and then we come to the light railway which runs along the side of a road instead of down the middle, as a tram does on tramway lines. Neither the communiqué nor the speech of the Honourable Member makes any reference to the question of these small lines and I would like to know what the policy of the Government is to be in regard to them? They cannot be called branch lines and I do not call them feeder lines though they may, as tramways usually do, run their termini towards a terminus of another larger railway. If I look to the speech of the Honourable Member, it is to draw the conclusion that he is opposed to all private enterprise in the matter of railways, whether they be large or small. He pointed out in the communiqué, paragraph 7, that

the branch line companies, (and here I merely use his wording, branch line companies, because the same argument applies to the companies of which I speak though they are not branch line companies), usually borrow money at heavy rates of interest. This I think is not proven, merely because, like Government, they have to borrow money at the market rate and at times it may be 7 per cent. when I have known Government borrowing at $6\frac{1}{2}$ per cent. In paragraph 9 of the communiqué it says that:

“The only real argument in favour of these companies is that they must be utilised in cases where the Government itself is unable, etc., etc.”

Therein we find a recognition of the fact that “they must be utilised” and that is the only recognition of their utility I do find. The same paragraph proceeds to say that the amount of assistance given by companies in the past is trivial. Sir, I will not stop to labour the point whether the amount subscribed for branch line companies is the 10½ crores stated in this communiqué or the larger figure of 25 crores for assisted railways of which I have the details. The point is not important whether it is only $1\frac{1}{2}$ per cent. of the total railway capital at stake in the country or 4 per cent., the point that is important is not the percentage to the total capital but the fact that it is 100 per cent. of the capital engaged in railways in the districts where these lines exist. Where these lines exist they undoubtedly are of benefit to the country and to the inhabitants there. They undoubtedly add to the rates and taxes which are collectible. I have heard it said that many are duds and that the policy of the Government should be to take over the successful ones. That policy, I think, is wrong. It has been stated in this House, and I do not remember ever hearing it contradicted, that it is no part of the duty of the Legislature to protect the dividends of shareholders in any company. My point is that where these lines exist it is no concern of ours whether they pay the shareholders or not. It is natural that, if a company was floated on a 4 per cent. basis, when money is worth 6 per cent. it should have sunk to Rs. 66 per Rs. 100 share, but that price is not a criterion of the success or otherwise of the railway. It is merely the barometer of the money market. Without private enterprise India would have had to wait a great deal longer than it had to wait for some of its most important railways. The Bengal and North Western Railway I believe owed its inception to private enterprise and the Bengal Nagpur Railway may be quoted as another instance, though of course subsequently these railways are intended to pass into the hands of the State. My objection to the communiqué and to the Honourable Member's speech is there is no recognition of private enterprise as such, and unless I take this opportunity of calling attention to it, I am afraid it may be thought that the policy is to kill all private enterprise. I am not urging private enterprise *versus* State enterprise. That is no part of my argument at all. I am satisfied with the present policy of the Railway Board and with the present constitution of that Railway Board so far as enterprise and energy go, but Sir Charles Innes himself reminded us the other day that we have only a short lease of his services and it may not be that his successor or successors, for I look quite a long way ahead in this matter, may be men of the same energy, enterprise and farsightedness as himself. But if it be laid down, if we allow them to lay it down, that private enterprise is to be discouraged and the Government are to take over such of the railways as they are pleased not to consider duds, private enterprise will be snuffed out. Now, Sir, as I said, I am not urging for private enterprise as against State. The only

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policy I am urging is that if private enterprise puts forward sound schemes which the Government do not propose or do not see their way to undertake,

1 P.M. when private enterprise should be allowed to carry them out and be given every possible facility and inducement to do so. That is the policy which I would like to see favoured, because I view with considerable concern paragraph 17 of the communiqué which says:

"The Central Government must however retain the power to decide whether a line is to be built or not."

That means that if the successors of the present gentlemen of the Board are not prepared to move at the pace that this House wants, which districts want, we shall be in their hands, and we do not want to be in their hands solely and wholly so that, with this railway monopoly, the Government would be the single and final judge as to whether a railway should be built or not. As Mr. Rangaswami Iyengar said a little while ago, I will not repeat him at any length—the policy in regard to District Boards is open to considerable doubt. At the end of paragraph 15 it says:

"Should the railway programme not permit the construction of such a line within a reasonable time, the possibility of permitting a District Board or Local Government to construct it from its own funds would require consideration."

Now Sir, there you have it. If the Government are unreasonable, the District Board or Local Government "may construct it from its own funds", and they might be just the very people who would like to employ private enterprise.

Before I sit down Sir, there is just one other matter to which I would like to refer arising out of some remarks which were made in this House yesterday. I heard with the very greatest regret the statement made by Sir Basil Blackett that in filling the next vacancy on the financial side of the Railway Board the scales would be heavily weighted in favour of an Indian. That statement is sure to receive considerable publicity and it will cause

The Honourable Sir Basil Blackett: On a point of order, Sir, as that statement is going to receive publicity may I say that what I said was "definitely weighted".

Mr. W. S. J. Willson: Very well, Sir, definitely weighted. That statement is sure to receive considerable publicity and it will cause wide dissatisfaction in the public service if it is to be taken at its face value. I ask seriously whether this is to be the policy of the Government. It is contrary to my sense of fair play; it is inimical to the production of the best that a service can create . . .

The Honourable Sir Basil Blackett: I would ask if this is relevant?

Mr. Deputy President: I was going to say, when the Finance Member took his point of order, that I am sure the Honourable Member will find some other occasion to make these remarks. It is hardly relevant to the subject of branch lines. He must bring his remarks to a close.

Mr. W. S. J. Willson: I have only one word more to say.

Mr. Deputy President: I have asked the Honourable Member to reserve that for another occasion.

Mr. Darcy Lindsay (Bengal: European): Sir, my sympathies are entirely with the views put forward by my Honourable friend Mr. Willson and also Mr. Rangaswami Iyengar on this question of feeder lines. There is another point which has not been directly touched upon which I would like to make. As far as I understand the position, the Railway Board undertake to contribute to central revenues interest on capital expenditure at a rate of one per cent. after themselves paying interest at the rate of Government borrowing at the time. I believe the rate of interest at present is about 5 per cent. and the total charge, including contribution, would therefore amount to 6 per cent. Is it intended that Local Governments and Local Boards who may desire the construction of new lines are to guarantee this six per cent. on the capital expenditure, or only the rate at which the money is raised? The reason I put this question is that I find in at least one case of proposed new construction the Local Government are asked to guarantee six per cent. In this particular case, Sir—it is the Shoranur-Nilambur Railway—it is stated that “in view of its unremunerativeness,”—it is put down as not likely to yield a return of more than four per cent. a few years after opening,—“judged by the criterion which we now apply the Local Government have agreed to guarantee the railway against loss in working by making up the difference between six per cent. on the total capital outlay and the net earning of the line.” If it is intended to apply this principle, then I say, Sir, that railway expansion will be seriously retarded, and it were better to allow Local Boards to make their own arrangements in the best market. The terms are not likely to be so onerous as a guarantee of six per cent.; and where there is a guarantee the Local Board takes a share of the harvest. But I see nothing about this in the Railway Board’s terms. In regard to the harvest I would refer to some of the light railways managed by a firm such as Messrs. Martin and Company of Calcutta. On examination I find that the terms are usually on a four per cent. guarantee. The Local Board allow free running over their roadways, or partly over their roadways and they are to receive from the light railway company 50 per cent. of the profits over and above the four per cent. Now, in quoting figures for 1922-23, I find in the case of the Arrah-Sassaram Railway, 65 miles in length, the District Board received Rs. 18,312; in the case of the Baraset-Basirhat Rs. 31,930; Bakhtiarpur-Bihar Light Railway, Rs. 12,215; Howrah-Amta Rs. 88,375; Howrah-Sheakhala Rs. 6,631. I think there are perhaps two or at most three cases where the District Board have to contribute a sum up to the 4 per cent. Take the case of another railway, the Delhi-Shahdara-Saharanpur, which is under no guarantee at all. I believe it cost the Government something like 2 lakhs of rupees to give the land or a part of the land. I find the Government are receiving a share of the surplus over four per cent. They received last year and the year before I believe Rs. 1,05,000. That appears to be the annual contribution to the Government from this railway which has cost the Government two lakhs of rupees in land. Now, Sir, I maintain that some of these lines would never have been built but for the enterprise of private firms who raised the money on ordinary shares. We are told that the cost of borrowing money is great. I deny that. In almost every case the money has been raised on ordinary shares, and it is the risk of the shareholders as to whether they receive a good dividend or not. In perhaps it may be four cases I think, at most five, some of the money has been borrowed on debentures; in one case at $4\frac{1}{2}$ per cent. interest. Now

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with regard to these lines I have just referred to which were guaranteed by Local Boards, I maintain that they benefit the Local Boards, they benent the people living in the country through which they pass, and they benefit the shareholders who risk their money; and I further say as I said before that but for this private enterprise, these lines would never have been built. I believe that a good deal of the money is local money, any way it is Calcutta money for the greater part. (Mr. W. S. J. Willson: "Bombay also.") Now, Sir, the Financial Commissioner—may I say our Shylock from Aberdeen,—who wants his pound of flesh, is over keen on securing a good bargain and his standard appears to be a return of seven per cent. on the capital outlay. This is in accordance with many of the schemes that have been put before this House. If he sees a clear seven per cent. in the course of ten years, let the scheme go through. (Mr. C. D. M. Hindley: "Why not?") Exactly, "why not?" I say certainly every time, but the point is that if the scheme does not show seven per cent., out with it; and that is where I say, Sir, that private enterprise will come in. Companies do not look at things from the Shylock point of view, (Mr. C. D. M. Hindley: "Oh, oh.") they are ready to construct on the chance of making a good return. (Mr. C. D. M. Hindley: "13 per cent.") My view is that they should be encouraged in doing so. It is a grave mistake to shut the door on this private enterprise, and if a firm or a company comes forward and says, "We are willing to build this line, we do not want your guarantee", why should it be refused? That is the point I have to make. I referred to this matter once before at a Board meeting, and I said very strongly that it is a mistaken policy to absolutely shut the door. I do not advocate the continuance of the branch line system. I fully recognize that the terms that were agreed to by the Railway Board or the Main Line Company, namely, 50 per cent. are insufficient; I believe the charge is fifty per cent. of the earnings, and the Main Line cannot, we are told, work it on anything like that figure. I do not want railways to be sanctioned on those terms; and these branch lines are not the ones that I particularly refer to. I refer, as Mr. Willson did, to some of the old feeder lines that are nothing more or less than glorified tramways that would not be constructed by Government—they serve a very useful purpose, and in addition to passenger service they bring in freight to the main lines at their terminus. On these grounds, Sir, I strongly support the motion of the Rs. 100 reduction.

Sir Purshotamdas Thakurdas (Indian Merchants' Chamber: Indian Commerce): I feel, Sir, that I owe a duty to this House and that I should inform them that this same subject was discussed very exhaustively at a meeting of the Central Advisory Committee, and there was a division on that discussion. The whole of the discussion, Sir, at that meeting of the Central Advisory Committee was concentrated absolutely on the question referred to by my Honourable friend, Mr. Willson, regarding branch lines as they are known. Before I deal with that part of it I would like, Sir, to refer to the subject raised by my Honourable friend from Madras, Mr. Rangaswami Iyengar, in his amendment. We were informed at the Central Advisory Committee meeting that the Local Governments had approved generally of the suggestions of the Government of India, and paragraph 18 of the press Communiqué says that they had been generally welcomed by the Local Governments. I wish another Honourable

Member from Madras, Mr. Moir, was in his place here to-day to inform us on behalf of the Government of Madras as to whether the particular opinions they hold differ from the views put forward in this press communiqué. In the Central Advisory Committee, Sir, there was no discordant voice; and as far as the point of view of Mr. Ramgaswami Iyengar is concerned, that was not submitted to the Central Advisory Committee and they therefore had no reason to doubt that the decision that was being come to by the Government of India was absolutely in keeping with the requirements of Madras. If I remember it correctly, it was also mentioned—I speak subject to correction—that in Madras this subject is under a Minister, and if that be so, if an elected Minister who is responsible to the Council in Madras has approved of this scheme, it would hardly be right either to find fault with the Government of India or with the Railway Board over a scheme which has met with the approval of the Governor-in-Council of Madras acting with the Minister in charge there. I therefore submit that as far as Mr. Rangaswami Iyengar's point is concerned, the debate, which will be on record, will be very useful for us when next time any concrete scheme comes up before the Railway Board for the purpose of a definite move in the direction that Mr. Rangaswami Iyengar has so much at heart. Paragraph 15 of the Press Note still says that when the Railway Board is not able to take up a scheme which is required by a District or Local Board, it is open to consideration whether the District Board should not be allowed to construct it; and as far as the Members of the Central Advisory Committee are concerned, I am sure Mr. Rangaswami Iyengar will take it that the point of view that he has put forward will receive very careful consideration in our Advisory Committee. Now, Sir, coming to the other point raised by my two Honourable friends here, Mr. Willson and Mr. Darcy Lindsay, the Central Advisory Committee came to the decision which has been notified in the Press Note. I was one of those who voted with the majority that the Government of India view was correct, and the view pressed here by Mr. Willson and Mr. Darcy Lindsay and which was originally pressed by the Associated Chambers was one which could not be accepted and which I rise again to-day to submit to this House that the Assembly should not accept. I, Sir, wish to read one or two sentences from the two considerations which led the Acworth Committee to definitely decide that branch lines should not be encouraged.

Mr. W. S. J. Willson: On a point of order, Sir, may I remind the Honourable Member that I was not advocating the cause of branch line terms?

Sir Purshotamdas Thakurdas: That is, Sir, the amendment, and I take it that Mr. Willson was meaning nothing else—it is something which I at any rate have not been able to catch. I wonder if anybody in this House has been able to understand what his amendment refers to if not to branch line terms—the policy of the Railway Board in regard to branch line terms.

Mr. W. S. J. Willson: On a point of further explanation, Sir, I think I explained what I meant by using the words branch line terms.

Sir Purshotamdas Thakurdas: I take it that the Railway Board and the Central Advisory Committee are still using the words "branch line terms" in the same sense in which the Acworth Committee used them, and if Mr. Willson attaches any other meaning to it, I am afraid he

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will have to bring that out; and I submit that if the term "branch line terms" referred to in his amendment is different from the one which is understood by the Railway Board and the Central Advisory Committee, that amendment is out of order.

Mr. W. S. J. Willson: I submit again that I was not discussing the question of branch line terms at all.

Sir Purshotamdas Thakurdas: I then submit that he was speaking irrelevantly because the amendment refers to the Government of India policy regarding branch line terms. If therefore, Sir, Mr. Willson was speaking irrelevantly, I have nothing more to say and I shall resume my seat. Will my Honourable friend enlighten me? May I take it, Sir, that Mr. Willson was speaking irrelevantly and I will resume my seat. However, let Mr. Willson not say that he is not pressing for exactly that which the Government of India have rejected in the form of a request from the Associated Chambers. Is he not asking the Government of India to go past the unanimous decision of the Acworth Committee? Let me, Sir, put my point of view again for Mr. Willson's benefit to the House. The Acworth Committee say:

"The Mackay Committee 14 years ago said India needed 100,000 (miles). But if the extensions are to be made by scores and hundreds of little independent companies, the resulting confusion will be inconceivable. Naturally each company, small or great, desires to reserve for itself what in the diplomatic world is called a sphere of influence, and jealously claims that, if any new-comer intrudes into that sphere, he shall pay toll to the original concessionaire. Take the case of two main lines, starting out alongside Bombay or Calcutta, and gradually diverging from one another. When they are at distance of 200 miles from the terminus, at which point the two lines are 50 miles apart, there is a station on line A. Halfway from this station in the direction of line B there is a point of some local importance. A branch line is made to it and the local point develops. Thereupon the proposal is made to connect up this point with a corresponding station in line B, and a new branch line company is provisionally organised for the purpose. Difficulties at once arise. The old branch line company protests that the local point is within its sphere of influence, and main line A follows suit with a claim that it will lose the contributive value of the branch line traffic. How much attention the Railway Board pays to these protests must of course depend upon the facts of the individual case. But they are sure to be made. Sometimes they will prevail. And in any case they unnecessarily complicate a situation which ought to be considered solely from the point of view of the public interest."

And thus, Sir, it goes on. I strongly recommend paragraph 179 to anyone who still thinks that branch line terms are most needed for India. The conclusion of the Acworth Committee was this. I will read the last line.

* "We therefore feel bound to record our opinion that if the State cannot and will not provide adequate funds private enterprise in this direction should be encouraged."

We should now therefore consider whether the State can and does provide the capital required or not. No one has yet moved an amendment that the State should not provide that capital which is required and until, Sir, any such decision is taken by this House, I submit that there is no justification for changing the decision arrived at by the Government of India in absolute keeping with the unanimous recommendation of the Acworth Committee. My Honourable friend Mr. Darcy Lindsay said that the guarantee is only 4 per cent. That was years back when the Government

of India raised money, Sir, at $3\frac{1}{2}$ per cent. May I ask my Honourable friends from Calcutta who stand up and recommend this House to go past this decision of the Government of India, whether they think that such capital can be got now from the market at a guarantee of $3\frac{1}{2}$ or 4 per cent. when the Government of India have themselves got to pay 5 per cent.?

Mr. Darcy Lindsay: Then why raise it on this to 6 per cent.

Sir Purshotamdas Thakurdas: That is the whole point. Why should the Government of India be compelled to guarantee 6 per cent.?

Mr. Darcy Lindsay: I do not want the Government of India to guarantee.

Mr. W. S. J. Willson: We have both said that as hard as we can.

Sir Purshotamdas Thakurdas: It comes to nothing short of the Government of India guaranteeing. It is the main line which guarantees out of traffic and the main line belongs to the Government and therefore to the tax-payer; the guarantee therefore comes from the Indian tax-payers' treasury, Sir. Let us not play with words, Sir. Surely that is what my Honourable friends mean and it is no use trying to put other Members of the House who do not understand these intricacies on a track which may not be correct. Now, it is the Government of India guarantee in one form or another being a *sine qua non* of branch line terms that is the strongest reason why this House determined upon State management. The whole thing belongs to the tax-payers of India in the shape of the East Indian Railway of last year with a capital of 1 per cent. from shareholders, of another railway with a capital of 5 per cent. from the shareholders, of another railway with a capital of 10 per cent. from shareholders. Therefore whoever guarantees, be it from the Eastern Bengal Railway, the East Indian Railway, or the Oudh and Rohilkhand Railway, it means the money of the tax-payers of India. Let us not play with words and let us at least be clear.

Mr. W. S. J. Willson: Will the Honourable Member say when I played with words and asked for any guarantee?

Sir Purshotamdas Thakurdas: That was in reply to my Honourable friend Mr. Darcy Lindsay. The guarantee is the guarantee of the Government of India.

Mr. Darcy Lindsay: I was referring to the guarantee that has been given by the Government of India, in certain cases $3\frac{1}{2}$ per cent. and 4 per cent. in others; that is the guarantee that I referred to.

Sir Purshotamdas Thakurdas: I say, Sir, that they could raise money by private enterprise with that guarantee when the Government of India themselves were borrowing at 3 per cent. The Government of India are now paying 5 per cent. I hope the next loan will be $4\frac{1}{2}$ per cent. Does my Honourable friend seriously tell me that the Government of India will in the next few years be in a position to get any money at that old rate of $3\frac{1}{2}$ per cent.? I submit, Sir, that is the consideration, namely, that the Government of India would have to agree to a higher rate of guarantee either through the Railway Department, or through their main

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lines, but at the expense of the tax-payer, in order to encourage private enterprise.

Two Honourable Members during the debate on the Railway Budget in the other House criticised the branch line policy of the Government of India. On what consideration was it? They said, "You are taking away from the investing public one of the most remunerative forms of investment". I ask my Honourable friends here whether the Honourable Sir Maneckji Dadabhoy and the other Member were wrong? Is it not the same thing that they are pleading before this House? They are practically asking this House to provide to the investors a form of investment which would be more attractive than the Government of India paper. That, Sir, is the whole proposition put in a nutshell. Let the House take its decision.

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

The Assembly reassembled after Lunch at Half Past Two of the Clock, Mr. President in the Chair.

Sir P. S. Sivaswamy Aiyer (Madras: Nominated Non-Official): Sir, when I came to this House this morning I had no intention of participating in this debate about the policy of Government with regard to new branch lines. There was a time when I myself was of the opinion that the Railway Board was very illiberal in its attitude towards District Board lines. But I think there has been a change of heart in the Railway Board and that the policy which they have now announced with regard to the construction of new branch lines is a sound one. On behalf of the District Boards there are arguments in favour of the proposal that new branch lines might be allowed to be constructed by District Boards. The District Board of Tanjore to which reference has been made by my Honourable friend Mr. Rangaswami Iyengar has been making a very considerable amount of profit by its district board line, an element which is not altogether negligible and to which the inhabitants of the Tanjore district are very keenly alive. It is also our experience that the district board lines in the district of Kistna have been of an exceedingly remunerative character. One reason why the District Boards in the Madras Presidency were very anxious to construct branch lines was the hope that they might be able to add to their somewhat exiguous resources by the profits of their railway undertakings. Another reason is the desire to open up communications in those parts of the district which have not been adequately or at all served by communications. While I fully conceive the force of these arguments, I do not think that there can be any reasonable doubt that on the whole the policy which is now announced by the Government with regard to the construction of new branch lines is the soundest. But there is one matter in regard to which an apprehension has been expressed by my friends and that is that the Railway Board might undertake the construction of the more paying projects and neglect the construction of the less paying projects and that, in calculating the amount to be provided by the District Board as a guarantee against any loss incurred upon the execution of their Railway schemes, the Government might pursue a policy not altogether unfavourable to the interests of the Districts. I want to make a suggestion in this connection which, I think, might relieve the appre-

hensions of my friends on the one side and, on the other, cause no injury to the general public interests of which the Government are in charge. My suggestion is that, in calculating the amount of the guarantee to be provided by the local authorities against any loss incurred upon the railway programme of the district, they should pool together the profits and losses upon the paying and non-paying lines in the district which the Government might construct. Supposing a District Board had 4 schemes 2 of which were paying and 2 of which were non-paying, the Railway Board ought to construct all the four lines if so desired and in making a demand upon the local authority for a guarantee against the loss, they should take the profits and losses of all the 4 lines into consideration and make a demand upon the net amount of the loss or deficit which they might incur. I submit, Sir, that this course is one to which no exception can be reasonably taken by the Government and I hope that it will find favour with the Government. At the same time, it will allay the apprehensions of my friends that the Government will only be taking all the paying lines and leaving the non-paying lines to the enterprise of the local authorities. I hope the Government will see their way to accept the course I have suggested or adopt some other equally suitable formula.

Mr. Harchandrai Vishindas: Sir, with regard to the question of feeder or branch lines which is the subject of the present motion, I want to address you with respect to one particular aspect of the question in connection with my province of Sind. The province of Sind contains only one main railway line from Karachi up to the north with a loop line between and it is sadly in lack of communications. Time after time the Governors and the Local Government have been approached for the construction of feeder lines, because wherever these feeder lines have come into existence there has been a great development of trade and great convenience to the public. There have been some feeder lines constructed by a private company. Now, after the adoption of the new policy which was formulated in the communiqué on feeder lines supplied to us and of which we heard something in the speech of the Honourable Member in charge, the policy of guaranteeing private companies has been scrapped by Government. I have nothing to do with the fact as to what agency is employed for the construction of these lines. There is such a vast area of undeveloped country in my province that it requires to be developed by means of these feeder lines, or branch lines or light railways whatever you choose to call them. When the fact of the paucity of communications, even in the shape of good roads, was brought to the notice of His Excellency the Governor of Bombay about two years ago, he suggested the adoption of feeder lines or tramways. Well, I have been approaching the Government of India and the Railway Board in this regard. The Railway Board say in reply that the policy of giving guarantees to companies is wrong as it throws a burden on the State finances and therefore they intend to discontinue it. They would, however, be quite prepared themselves to build any line that was considered remunerative. I am quite content with that policy but I say for God's sake do have these feeder lines constructed in my province without the least delay. Now, if anybody looks at the map of the railways which has been presented to us with the report of the Railway Board, he will find that even so far as Madras is concerned, for the shortcomings whereof in this regard the Honourable Mover of this cut has inaugurated this debate, it will be found that it has got a complete network of railways as compared with Sind, where there is only the one line which runs from Karachi to the north, to

[Mr. Harchandrai Vishindas.]

which I have already alluded. Besides there are no good roads. Therefore, I appeal to the Government to see that these feeder lines are constructed in my province especially one feeder line about which there has been a great demand on the part of the public of that area, namely, the Udero Lal-Sakrand feeder line. I would ask the Government to take the construction of this line in hand soon. It will be a remunerative line. It will open up the district; it will bring forth a great deal of produce to the markets; it will bring increased land revenue to Government, and be the source of great convenience to the country side. These are my only remarks with regard to the motion that is before the House.

Diwan Bahadur M. Ramachandra Rao (Godavari *cum* Kistna: Non-Muhammadian Rural): Sir, I should like to say a few words in connection with this very important subject of branch lines and on the question of the broad policy of the Government of India in the development of subsidiary communications. I raise this question, Sir, on the general debate, and I would ask the Honourable Member to let us know exactly what the position is in regard to the development, as I put it, of communications subsidiary to the main lines. Sir, in regard to this motion, we in Southern India have suffered a great deal on account of the fact that the development of railway communications in that part of the country was placed entirely in the hands of two companies which have had it all their own way in the past. Honourable Members are aware that the whole of South India is now in the hands of the South Indian Railway and the Madras and Southern Mahratta Railway. In Madras during the last 20 years District Boards have taken considerable interest in evolving schemes of railway communications in each district, and 8 districts levied Railway cesses and have accumulated a sum of nearly one and a half crores by way of cesses. Definite schemes were drawn up and surveys were completed at the cost of the District Boards. Some of the districts had thus definite railway development schemes which they have put forward for years, but on every occasion on which the District Boards put forward their schemes these two very influential railway companies have blocked all these development schemes during the last 20 years. This matter formed the subject of considerable complaint before the Acworth Committee. In the district which my Honourable friend, Mr. Rangaswami Iyengar, represents in this Assembly, it may be stated that there are now 9 projects, apart from those which have been put on the Imperial programme this year, which are still awaiting construction. These 9 projects are:

- (1) Vedaraniyam to Point Climere,
- (2) Mannargudi to Tiruturaipundi,
- (3) Arantanghi to Kambamkadu and Pudupatti,
- (4) Negapatam to Tiruturaipundi,
- (5) Lower Anicut to Kumbakonam and Nidamangalam,
- (6) Tanjore to Vallam and Candarvakottai,
- (7) Tanjore to Tiruvadi,
- (8) Papanasam to Nannilam *via* Valingiman and Kodavasal,
- (9) Arantangi to Manamelgudi.

Sir Charles Innes is acquainted with the locality. Most of these schemes have been pending consideration and sanction for the last 10 or 12 years at least. And some of these have been deliberately held up

because the construction of some of these lines, though they were necessary from the point of view of the public, affected the receipts of these companies by short circuiting. I may mention Vedaraniyam to Point Climere by way of illustration. If this line is constructed, it will connect the district to a seaport into Tanjore District and there will be considerable improvement of traffic from Tanjore district to Ceylon. The South Indian Railway deliberately blocked this line for the purpose of diverting the district traffic to their own line. Sir, therefore I think that this question of district development is much more complicated than it appears to be on the surface. I do not know the policy of the two main railway companies but it is only natural that the construction of some of these lines should be looked at by them from their own standpoint. If the Government of India, no doubt with the consent of these railway companies, pick and choose these lines and neglect other less paying lines, the schemes of these District Boards will not be carried out. The question which the Honourable Sir Charles Innes has to consider is whether in the carrying out of these projects the good and bad lines ought to be taken together and that the Government should carry out the district schemes which have been developed during the last 20 years. With regard to the questions which arise on this Resolution, I may say in connection with the district with which I am connected, we had two schemes which illustrate the position clearly. We had two schemes the Nedadavole-Narsapur line and the Gudivada-Bhinavaran line. One of these is a very paying line, just the same as the Masulipatam-Bezawada line, which runs through the centre of the Kistna delta, and it is certain that it will pay as well as the line which we have already put up. The other line, which is a connecting line on the metre gauge system, would not be so remunerative. The question of the construction of both these lines in the interest of the whole district was the subject of a considerable amount of agitation in the district and the District Board more than once resolved that both the lines should be constructed, the losses in the one being made up by the profits on the other for some time to come. And now the Government of India say, the Madras and Southern Mahratta Railway says, that they are willing to construct the Nedadavole and Narsapur line, but they could not construct the other line. That is the position of the District Board. Therefore, Sir, the point that I raise on this motion is that, with regard to these lines in Madras, where the District Boards have definite schemes for construction, the schemes have to be taken together as a whole and this policy of picking and choosing and taking the more remunerative lines for the Imperial programme and asking the District Boards to guarantee the less remunerative lines is certainly one which requires reconsideration. The suggestion that has been made by my friend, Sir Sivaswamy Aiyer, is that we must take all the lines in a district and see whether they pay or whether they do not pay, and if the Government of India announce that the lines in the Tanjore district and the other districts will be taken up and constructed from Imperial funds, we shall be satisfied. Therefore, Sir, to the extent to which this is not meant in the Resolution, I think this Resolution of the Government of India requires modification.

The last point I would like to raise, Sir, is in connection with this policy of development of subsidiary communications. I would suggest, Sir, for the consideration of Government that they must set apart out of their yearly borrowings for railway purposes a certain amount for the development of these subsidiary communications in the districts. They should

[Diwan Bahadur M. Ramachandra Rao.]

lend the amount on comparatively easy terms to the District Boards and help them to establish subsidiary communications either by way of feeder lines, or light railways would come into existence much sooner than they can otherwise. So far as I see there is no policy at present.

Mr. G. G. Sim (Financial Commissioner, Railways): Sir, I intervene in this debate as we have had numerous personal references to myself from the Benches opposite. I gather that my friends from Calcutta are under the impression that the proposals contained in this memorandum were invented by some person from the north of the Tweed. The general impression that I gathered from the speeches of Sir Campbell Rhodes, Mr. Willson and Mr. Darcy Lindsay was that, while previously the Government of India had given very generous terms for the encouragement of private enterprise, in this Resolution the Government of India had replaced those generous terms by a mean requirement that if anybody wanted a railway built they had better put up a guarantee. Now, Sir, Honourable Members are aware that the constituency which the Honourable Members represent come largely also from the north of the Tweed, and from what Sir Purshotamdas Thakurdas has said I think we Honourable Members must have been led to the correct conclusion that all these wails we have heard are because their constituents strongly resent having been done out of a very soft thing by a fellow-countryman.

Mr. Darcy Lindsay: I wonder, Sir, whether Messrs. Martin and Company came from north of the Tweed?

Mr. G. G. Sim: I was referring to the bulk of the Honourable Members' constituency. Now, Sir, I had nothing whatever to do with the origin of this Resolution. The House is aware that this proposal was put forward by the Acworth Committee. Sir Purshotamdas Thakurdas has shown clearly to the House what the disadvantages of the branch line terms are. But I want to make this point about private enterprise perfectly clear. The branch line terms were not terms devised for the purpose of encouraging private enterprise to construct and manage new lines. All that they amounted to was this. The Government of India were unable to find money by open borrowing for lines that they proposed to construct themselves: and being under the impression that they had gone beyond their credit in the open market, they were compelled to resort to other devices to get the necessary money, and as happens to all of us when in that position, they had to pay through the nose for it. The branch line terms were merely a method of raising money for construction by the Government themselves of lines they proposed to build. They went to these financial houses, which are now known as branch line companies, and not only, as Sir Purshotamdas Thakurdas has explained, had the Government to guarantee them for the money put up a rate of interest at least $\frac{1}{4}$ per cent. higher than the rate at which the Government of India were borrowing, but they required that the land needed for the construction of these lines should not be taken into account in the capital, that it should be considered as a free present to these branch line companies, and they also insisted that the profits from the working of the line should be deemed always to be 60 per cent. or some other fixed percentage of the gross earnings. It must be obvious that a considerable portion of these profits that are assumed to have been earned are really a burden on the general railway revenues. The

reason why the Acworth Committee recommended and the Government of India agreed that this policy should be scrapped is obvious. We can borrow our money for new lines in the open market, and it would be absurd to go and borrow money at a higher rate or on more onerous terms from any financial house when we can borrow ourselves at a cheaper rate. There is no reference here to any proposals regarding the building, construction and management of lines by private enterprise. There was no private enterprise at all in connection with the branch line companies. I understand that even Calcutta is now prepared to agree that it is not advisable for the Government to pay more for the money they require for railway development than is necessary.

Objection has been taken to the proposals regarding District Boards. I should like to explain clearly that in this matter the District Boards of Madras are in exactly the same position as these branch line companies of Calcutta. They have never built a railway or managed a railway. They have merely provided the money.

Diwan Bahadur T. Rangachariar (Madras City: Non-Muhammadan Urban): You don't permit them.

Mr. A. Rangaswami Iyengar: They represent the people.

Mr. R. K. Shanmukham Chetty: Do they want a guarantee?

Mr. G. G. Sim: They merely put up the money which the Government required for the construction and 60 per cent. or some other percentage of the earnings are deemed to be their profit.

Mr. Darcy Lindsay: May I ask the Honourable Member to state whether branch line companies include the light railways guaranteed by the District Boards?

Mr. G. G. Sim: I am not quite certain to what particular branch line railway the Honourable Member is referring.

Mr. Darcy Lindsay: To those I mentioned this morning, such as the Howrah-Amta.

Mr. G. G. Sim: I am merely concerned with those which are guaranteed or worked by the Government.

Mr. A. Rangaswami Iyengar: Not in my province.

Mr. G. G. Sim: I should like to give the Honourable Member a few figures regarding District Board lines in the Madras Presidency. Under the arrangement we have made with them the expenditure in connection with the branch lines in most of these cases is assumed to be a figure which would be 40 or 45 per cent. of the gross earnings. At present the percentage which the expenditure bears to gross earnings on the main line is in the neighbourhood of 75 to 80 per cent. I take the figure for one particular railway. We had to assume that the expenditure one year was Rs. 1,22,000, when the actual expenditure was 1,91,000. In the following year we had to assume Rs. 1,37,000 when the actual expenditure was Rs. 2,00,000. Take another railway.

Mr. A. Rangaswami Iyengar: You had a lot of profits in the previous year. Prior to the war, you must have had a lot of profits.

Mr. G. G. Sim: Prior to the war the rate fixed was the rate roughly prevailing at the time but it was stereotyped for all time. That expenditure went up, owing to increase of wages and increase in the cost of materials. The operating ratio of working the main line ran up to about 90 per cent. and the main line was compelled to raise its rates and fares in order to get the previous net earnings. These District Boards still continue to pay simply the old percentage rate and consequently the profits they get at present are about double, in some cases treble the actual profits earned by the line.

Diwan Bahadur M. Ramachandra Rao: May I ask whether you have put down any amount there for headquarters supervision? Does the provision in the figures include any provision for headquarters supervision?

Mr. G. G. Sim: I am talking simply of the general operating ratio for the whole line. It includes everything. The result of this arrangement is that in every case we are burdened with the payment to branch line companies or to District Boards of certain sums of money representing "profits" which are not real profits. The Government are not now prepared to take the money for financing the lines they are to build and manage themselves from any other source than the open market, or at any rate other than the cheapest rate at which we can get it. Sir Purshotamdas Thakurdas raised the question whether in view of what Mr. Rangaswami Iyengar had said, we had a definite statement from the Government of Madras that they had accepted the policy laid down in the Resolution. Well, Sir, we have that statement from the Madras Government.

Mr. R. K. Shanmukham Ohetty: Can the Honourable Member lay the correspondence with the Madras Government on the table if it is not secret or confidential?

Mr. G. G. Sim: As soon as the correspondence with the Government of Madras is finished I have no doubt we shall be able to obtain the consent of the Madras Government to lay the correspondence on the table.

Mr. A. Rangaswami Iyengar: I rely upon the public statement made in the Legislative Council in Madras and if the Honourable Member wants to refer to the secret correspondence, it is only fair to us that it should be laid on the table.

Mr. G. G. Sim: I am quite prepared to read out the particular paragraphs.

Mr. A. Rangaswami Iyengar: We must have the whole.

Mr. G. G. Sim: This is rather a lengthy document, but I am quite prepared to refer to the relevant portion of the letter. The Government of Madras state clearly that they have agreed to this policy generally so far as it concerns the construction of lines which the Railway Board wish to take up on guarantee. That is with reference to the whole of the Resolution. This letter is a reference from the Government of Madras asking what action the Government of India propose to take in cases where a District Board may itself desire to construct and work a line which the Government are not prepared to take up. As regards that aspect of the question, Honourable Members are themselves aware that the great bulk of our expenditure in connection with new lines is in the Madras Presidency. The Madras Government have received from the Railway Board

a sort of future railway map for the Madras Presidency, and if any District Board desires that any railway which the Railway Board is not prepared to construct and work should be built by the District Board and worked by the District Board, either directly or through a company, no objection will be raised from here. At the same time, I think it is very doubtful whether any District Board will ever find it profitable to manage a line by itself. Experience so far in India does not lead to the conclusion that it is possible economically to work short distance lines at considerable distances from one another, and it is largely for that reason that we made the offer to the Madras Government with other Governments that in cases where they wish lines to be constructed for their own convenience, we will be prepared to take them up upon guarantee. My Honourable friend Sir Campbell-Rhodes referred to this latter proposal as the particular method by which we propose to replace the system of the branch line terms. This has got nothing to do with the branch line terms. As I have already stated, the branch line terms were simply a method which the Government of India adopted for raising money for remunerative lines. There was never any scheme at all for constructing lines which were not likely to be remunerative. My Honourable friend, Mr. Darcy Lindsay, asked, in cases where Government considered that the line was not going to pay, would the Government allow a private company to construct the line? I have not yet heard that it is the practice in Calcutta—we have not had any offers so far—to take up any line that is likely to pay a return of 2 or 8 per cent. If any such offers come I can assure the Honourable Member that they will be favourably considered.

Mr. Darcy Lindsay: There is a big difference between 2 and 7 per cent.

Mr. G. G. Sim: I do not know what particular standard of return is required by Calcutta. If my Honourable friend will give me an indication of the amount of return which would attract capital in Calcutta we are quite prepared to consider it.

Mr. Darcy Lindsay: Thank you.

Mr. G. G. Sim: Sir Sivaswamy Aiyer raised a question as to the attitude likely to be adopted by the Railway Board where a District Board asked for several lines to be constructed within the district, some of which were likely to pay and some not. I do not think that we need anticipate any difficulty here in adopting roughly the policy that he has himself advocated. In December last the Chief Commissioner and I visited Burma for the purpose of settling with the Government of Burma the terms on which we would take over four lines which that Government had begun to construct from their own funds. Two of those lines were not likely ever to pay and two were likely to give a decent return. The profits from two of the lines were estimated to be about the same as the loss from one of the other lines, and therefore we decided that we would only ask for a guarantee for the remaining fourth line and that we would not ask for any guarantee for the two lines that were likely to pay or for the line the loss on which was estimated roughly to be equal to the profit on the other two paying lines. I do not think that the Honourable Member need anticipate any difficulty whatsoever in obtaining a similar arrangement for the District Boards of Madras.

One Honourable Member referred to the cess collected under the District Boards Act. I think he is aware that the Madras District Boards Act has recently been altered in order to enable the District Boards there

[Mr. G. G. Sim.]

to use that money for the purpose of giving guarantees whether to the Government of India or to any company that happens to be building a line in their neighbourhood. The Government of India are well aware of the large schemes which have been prepared by the local bodies in Madras, and if the Madras Government so desire it, an officer will be deputed at once from the Railway Board to work out in consultation with the Madras Government and the District Boards what particular lines can be taken up. I do not think that there will be any difficulty in doing this. But I wish to point out that, as Honourable Members are aware, a very large amount of construction has been sanctioned in South India and our hands are rather full up at present, but steps are being taken to get an increase in staff available for construction work in South India, and every endeavour will be made to expedite the work as speedily as possible.

Mr. A. Rangaswamy Iyengar: I had intended by my motion to raise the specific question of District Board railway construction, as it came under the new Resolution regarding the branch line terms. I find, however, that Honourable friends on the other side are trying to exploit this Resolution for the purposes of the private capitalist to whom my Honourable friend, Mr. Sim, properly put the question as to whether they want to get a bounty at the expense of the tax-payer of India. I do not consider Mr. Sim's reply to my points as at all satisfactory. I quite appreciate the fact that he has agreed to send down a special officer to Madras, if the Madras Government desire, to look into the whole matter and expedite the construction of the lines which the District Boards so much want. Nevertheless, I demur to the proposition which he has laid down to the effect that district board lines are not really a paying proposition and that they will be put under the terms of this new policy which says that no branch lines will be permitted to be constructed without their being sanctioned by the Government of India. Sir, I do not propose to lend myself to this process of exploitation by my Honourable friends on the other side, and therefore I do not move the motion in my name. I beg to withdraw it.

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

REDUCTION OF COAL FREIGHTS.

Mr. Kasturbhai Lalbhai (Ahmedabad Millowners' Association: Indian Commerce): Sir, I beg to move:

"That the Demand under the head 'Railway Board' be reduced by Rs. 100."

My object in moving this motion is to draw the attention of the Honourable the Commerce Member and this House to the precarious position of the coal industry for which the policy of railway administration is largely responsible.

We are told, if the estimates prove correct, a surplus of ten crores is expected from the commercial lines. The administration may strive for a surplus, but I submit, Sir, that the view point of our railway administration has not to be merely the making of gains. The administration has so to conduct itself as to secure the growth and development of indigenous industries, by giving facilities, particularly those of special freight rates, wherever possible.

As we all know, Sir, we have not yet got over the period of trade depression. Industries are holding their own with difficulty and a reduction in the freights of certain commodities is a necessity. The coal industry of Bengal is an instance in point. That industry has to be assisted not only for its own sake, but in the interest of many which are more or less dependent on it.

Last year my friend Mr. Neogy pleaded to safeguard this industry by a levy of countervailing duty on South African coal and this House endorsed his proposal by passing the Resolution. During the discussion of this Resolution, Sir Purshotamdas Thakurdas said:

"In view of the fact that we cannot ask our own railway department to reduce their rates to fight the African Coal, owing to our budgets not being square until now, this is the least the House ought to do."

And the Honourable Sir Charles Innes said then that they have reduced them. This shows that as early as last year, the Honourable the Commerce Member was anxious to be able to say that the freight on coal was reduced, which as a matter of fact has not been the case.

I want to inquire of the Honourable Member that when he said this whether he was referring to the reduction of coal from the Central Provinces collieries which produce 1/10 or 1/12th of our total production or to a 25 per cent. reduction that the Railway Board was gracious enough to make in the case of transport from Jharriah to the Kidderpore Docks which amounted to twelve annas per ton.

Sir, I shall presently give certain figures to the House which will conclusively prove that the policy of the Railway Board in the matter of freight for long distance transport of coal is not merely one of indifference, but also obviously unfair. For a number of years, the freight from Jharriah to Ahmedabad and Bombay stood at Rs. 10-12 and Rs. 11-4, the respective mileages being 1,165 and 1,194. The freight from the Central Provinces collieries to Ahmedabad and Bombay stood at Rs. 7-12 and Rs. 8, the respective mileage being 600 and 680 since 1908 to 1920, for more than 12 years. It may be mentioned that the Central Provinces collieries had not come into existence till about the year 1908. In April 1921, the freight from the Central Provinces to Ahmedabad was increased from Rs. 7-12 to Rs. 9-4, and similarly for Bombay there was an increase of about 20 per cent. over the previous rates. But this was soon reduced to its original level in August 1923.

What has been the treatment meted out to the Bengal coal? It was increased from Rs. 10-12 to Rs. 14-6 in the case of Ahmedabad and Rs. 11-4 to Rs. 16-6 in the case of Bombay, an increase of more than 33 and 37 per cent. respectively; and this continues to-day. That is, though an increase of 20 per cent. was made in the case of coal from the Central Provinces, it was soon restored to its original level, while Bengal coal continues to be handicapped under the crushing burden of a 35 per cent. average increase in freight. It is fortunate that the Honourable Sir Charles Innes has clearly stated the policy underlying this increase in unambiguous terms during the debate over my friend Mr. Neogy's Resolution last Delhi session, and this is what he said:

"It has been our policy ever since 1920 to try and drive this coal trade back from the all rail-route to Bombay to the part sea part rail-route."

[Mr. Kasturbhai Lalbhai.]

Developing his argument further, he said :

"The last figures I saw were that there were ten million tons of shipping laid up in the world. If only the shipping world could come to know that coal freights are offering in Calcutta, we shall get back into Eastern Waters, a thing which we very badly want, the old British tramp."

So, Sir, the House will see that in order to drive the coal trade to the sea route the freight on coal has been put up and not, as the Honourable the Commerce Member tried to explain at the time of the general discussion of the Railway Budget, because of the increase in Railway costs. And again, why did he want to drive the trade to the sea route? In order to see the old British tramp plying in Eastern waters. Be that as it may, but, Sir, why make Ahmedabad and other centrally situated places, without any sea outlet, the scapegoat of this policy and make them pay the abnormally increased railway freight? The effect of the increase in freights is much worse than what is apparent at first sight. The pre-war price of first class coal was about Rs. 4. To-day it is about Rs. 6. So there has been an increase of 50 per cent., but when you add to this Rs. 3-10-0 or Rs. 4 the increase in the freight, the position becomes very serious.

Sir, I have yet to learn whether the Sukkur Barrage contract for South African coal was not influenced by this unsympathetic and unjust railway freight policy.

I am sure, many Members of this House are aware that for long distances, special rates have been fixed, not only by the authorities in India, but all over the world, without which in many cases trade may not be able to develop. The position to-day is that the rate for the long distance transport from Jharriah to Ahmedabad and Bombay is not low, but on the contrary, it is higher than what is charged for coal to be transported from the Central Provinces, a much shorter distance.

It may be suggested that if an industry requires any special consideration, the matter may be properly dealt with by the Tariff Board. I may also be told that the scheme for the Rates Tribunal is under consideration or there is the Coal Committee taking evidence. Knowing all this, I have deemed it necessary to refer in particular to the coal industry, not because it requires help as an important industry by itself, but because it is a *sine qua non* of all industries.

Almost all witnesses without exception before the Coal Committee have emphasised the urgency for the reduction of freights on coal and if the Railway administration is going to wait till the report of this Committee is out or to wait till a Rates Tribunal is appointed and evidence taken, I do not know what may befall this national industry. Mines after mines have been closed down and many collieries continue to work at a loss.

If the steel industry can look for protection and the Government and the House grant it to them, I ask, Sir, why a much more important industry like the coal cannot look to the Government and the Railway Board just to restore the original freights.

Sir, during the general discussions the other day, Sir Charles Innes told us that the general increase in Railway freights has been 25 per cent. while that in the matter of coal it has been less than 30 per cent. From the actual figures of Railway freight charged to-day by the Railway authorities, I have proved that the increase has not been less than 80 per cent.

to 35 per cent. But my point is this. What is the reason for your increasing in the first instance 10 per cent. more than the all-round increase in freights? Is it because coal has been the largest source of revenue to the railways or is it because it is the one commodity which can least bear any increase at all? One would have expected the Member for Commerce to know that while the increase in freight for other commodities forms but a 2 or 3 per cent. charge over the price of the commodity, in the case of coal, it invariably affects the price by 100 or 150 per cent. at the pits mouth over long distance traffic.

Sir, the industrialists of this country will be satisfied then and then alone when the Railway administration so conducts itself that Antwerp Steel, Japanese cotton goods and African coal can no longer be transhipped at cheaper rates from their respective countries of origin to the Karachi, Calcutta and Bombay markets than the indigenous products of Jamsedpur, Bombay and Bengal.

Again, Sir, the Honourable the Commerce Member seems to have made a great point about his interview with the Chamber of Commerce or some such body in Calcutta. I feel confident that he would not have been able to justify the ruthless increase before them, had that body known that the Railway Board was reaping a harvest of ten crores of rupees, not by any shrewd commercial policy followed by that august body, but more or less at the cost and ruin of a great national industry and the consumer of coal.

I hope I have convinced the House that the policy followed by the Railway Board in the matter of coal freights is wrong and unjust and needs immediate revision.

The Honourable Sir Charles Innes: Mr. Kasturbhai Lalbhai has made a very eloquent appeal on behalf of the Indian coal trade. I must confess that when I heard his speech I could not help feeling that while he was very anxious for the interests of the coal trade he was still more anxious for the interests of the mill industry at Ahmedabad. It is a dangerous thing for an Honourable Member to try and anticipate the arguments which the person who is going to reply to him is going to use. Mr. Kasturbhai Lalbhai named several arguments which I was likely to use but I can assure him that I am not going to use any of them. I am merely going to place this matter before the House in what I consider its true perspective. Now, I should like the House in the first place to remember this fact. Our long distance coal rates remained unaltered from 1905 to 1919. Since 1919 up to the present time we have increased those long distance coal freights on an average by 30 per cent. (*Mr. Kasturbhai Lalbhai:* "35 per cent.") I have got the figures. The Honourable Member can work it out for himself. In 1919 the cost from Jharriah to Cawnpore excluding terminal charges was Rs. 5-15-0. That was the actual freight. Now the cost of that same ton of coal is Rs. 7-13; that is, an increase of 31 per cent. At Delhi the comparative figures are Rs. 7-13 and Rs. 10-6 now; Lahore 9-13, now Rs. 12-12; Madras Rs. 10-6 and now Rs. 13-5; Ahmedabad Rs. 10-10, now Rs. 13-12. Taking all these entries together, and I think that is the clearest way I can present the problem to the House, the average increase works out to just over 30 per cent.

Mr. Kasturbhai Lalbhai: May I point out that none of those centres he has quoted are industrial centres—Delhi, Lahore.

The Honourable Sir Charles Innes: What about Ahmedabad? What about Cawnpore? Now, Sir, I have shown that taking the freights between—

[Sir Charles Innes.]

these actual stations the increase in our coal freights since 1905 has been 80 per cent. Now let us take the increase in price. I have here the statistics of the increase in the pit-head value of coal over a series of years. In 1911 the average pit-head value of coal was Rs. 2-15 a ton. In 1923-24 the average pit-head value was Rs. 7-7 a ton. Therefore the increase in the pit-head value of coal between 1911 and 1923 is 123 per cent. Now, Sir, the Railways are the greatest consumers of coal in India. We use about six million tons of coal a year. The pit-head value of coal has gone up on an average since 1911 by something over 100 per cent., and yet we are asking the industry for carrying that same coal to pay an increase of 80 per cent. I appeal to the Honourable Members of this House, are you going to be fair to your Railways or not? It is said all over the country that we are making excessive, exorbitant charges for long distance coal freights. I deny that statement absolutely, and I maintain that, having regard to the increase in price, we pay for our own coal, and having regard to the increase in running expenses generally, we are carrying coal at an extremely moderate rate. We do not claim any credit. We recognize that coal is the lifeblood of the country. But when in the last 19 years we have only increased our freights by 30 per cent. as against an increase in our running costs, as I pointed out to the House this morning, of 106 per cent., I do not think that industries have any cause of complaint against the Railway Board. I know that industries do have to complain of the great increase in the cost of their coal. But their complaint is not against Railways but against the coal trade itself. (*A Voice*: "Why do they increase the prices of coal?") Well, Sir, I am not in the coal trade myself. I have no doubt that the coal trade has many difficulties of its own to contend with. I make no complaint myself against the coal trade. I am merely pointing out the patent fact that the real complaint of the industries of this country is not against Railways but against the increase in the price of coal.

Let me refer to one other small point about the comparative cost of carrying coal from the Central Provinces and from Bengal. I have the figures here. Taking it again between two stations, from Parasias to Ahmedabad. The Great Indian Peninsula Railway charge on Central Provinces coal 45 pies per mile, and they carry Bengal coal from Jharriah at 39·6 pies per mile; and therefore they are charging less on the Bengal coal than they are charging on the Central Provinces coal. I hope the House will support me in this matter. The conscience of the Railways is absolutely clear, and though there may have been an increase in the price of coal for industries that increase cannot be laid at the door of the Railway Department.

Mr. K. C. Neogy (Dacca Division: Non-Muhammadian Rural): Sir, when my Honourable friend Sir Charles Innes deals with the question of coal freights, I find it rather difficult to take him seriously; because my Honourable friend has a dual personality. As the Member for Commerce it is permissible for him to dream of the day when British shipping will be in a position to compete successfully with Indian railways in the matter of coal freights. Perhaps that is clear from the passage that my Honourable friend Mr. Kasturbhai read out from his speech in reply to my Resolution on the question of a duty on South African coal. Now, Sir, in his other personality, as the Member for Railways, he is going in for a programme of extended construction of railways in the coal areas. In fact there are several new constructions included in the Budget which is now

before us for discussion, which will serve merely the coal areas. At the same time, he has fixed the coal freight at a sufficiently high figure which enables the South African coal to compete successfully with Indian coal in the Indian market.

The Honourable Sir Charles Innes: May I just make a remark by way of explanation. If he is referring to what I said about our policy being to drive the coal trade back to the sea, that policy was effected mainly by giving no priority certificate for wagons for long distance coal to Bombay.

Mr. K. C. Neogy: Well, the result will be the same, that is, the Railways will lose the coal traffic altogether if my Honourable friend's idea is realized. Now, Sir, my Honourable friend stated that Mr. Kasturbhai was speaking on behalf of the millowners of Ahmedabad. But I may remind my Honourable friend that a body like the Associated Chambers of Commerce recently passed the following Resolution:

"That in view of the fact that the present high rate of railway freight on coal prejudicially affects the maintenance and development of industrial concerns in northern India and those situated at a great distance from the Bengal and Bihar coalfields, this Association strongly urges the Government of India to take immediate action substantially to reduce the railway freight on coal carried over a long distance."

So that it is not merely the Ahmedabad millowners who are interested in the reduction of coal freight. I was waiting for my Honourable friend Mr. Willson to get up and support his Association, but I have had to bring this Resolution to the notice of the House because I find he is keeping to his seat. Now, Sir, in a memorandum which the Indian Mining Federation prepared for the Coal Committee, they pointed out that the Natal coal, which has a lead of 325 miles from the coalfields to Durban, pays a net freight of 6s. 4d. per ton; that is to say, Rs. 4-2-0 at 1s. 6d. rate of exchange, as compared with Rs. 3-4-0 paid by Indian coal on a lead of 170 miles. Now, Sir, I do not know if the freight on Natal coal is remunerative, that is to say, if there is no element of bounty in it. If that be so, how is it that the Indian railways cannot reduce their coal freight? If again, the South African railways have deliberately fixed their coal freight at a lower than remunerative figure, then I appeal to the other personality of my Honourable friend, namely, the Commerce Member, to say how is it that he has taken so long to make up his mind as to whether any action is called for in this behalf.

The Honourable Sir Charles Innes: The Honourable Member will pardon me for interrupting him to point out that the South African coal trade has not reduced its coal freights at all for South African industries. It has merely reduced them for export coal.

Mr. K. C. Neogy: Exactly, that is why I referred to his other personality, that of Commerce Member, when I find that the Honourable Member has taken one full year to make up his mind to appoint a committee to go into the question of the grievances of the coal industry, after I had the honour of bringing to the notice of this House the question of a countervailing duty on South African coal. Now, Sir, the Indian Mining Federation quote an instance in which the Railways had actually fixed a much less freight than in the case of coal in India. They point out that the East Indian and Bengal Nagpur Railways quote a special rate of one and four-fifths pies per ton per mile to the Tata Iron and Steel and the

[Mr. K. C. Neogy.]

Bengal Iron Companies for conveyance of their materials, raw products and manufactured goods from and to Calcutta, while the coal industry pays a trifle less than 4 pies per ton per mile for the carriage of export coal from the coalfields to the docks. I should like to have some explanation of this disparity in the rates as between coal and Tata's raw materials. Then, Sir, my Honourable friend did not reply to one of the points which my Honourable friend, Mr. Kasturbhai Lalbhai, made and that was as to why is it that while the freight on other commodities has been raised by 25 per cent., the freight on coal has been raised by 35 per cent. That is a point which I believe the Honourable Member has not met at all. Sir, I think my Honourable friend Mr. Kasturbhai Lalbhai has made out a very strong case at least for a serious inquiry into this matter, and it is up to this House to record by a definite vote that it demands definite action on the part of the Government in the direction of a reduction of the coal freights.

Mr. R. K. Shanmukham Chetty (Salem and Coimbatore *cum* North Arcot: Non-Muhammadian Rural): I am afraid, Sir, I have not been in the least convinced by the speech of my Honourable friend Sir Charles Innes. In our anxiety to commercialize our Railways and to earn a dividend from our railway concerns for the general Budget of the country, I am afraid, Sir, we are overlooking one of the very fundamental functions of the Railways—as an important aid to the industries of the country. In this connection I would draw the attention of my Honourable friend to a statement made by Sir W. W. Hoy, General Manager of Railways and Harbour, South African Government, in his evidence before a Commission of Inquiry in South Africa in 1916. He said:

“The broad features of the tariff policy of the South African Railways are low rates for exports, raw materials for manufacture, agricultural produce, minerals, and other raw products of the country, with a view to stimulating agricultural and industrial development.”

Now I would ask my Honourable friend to apply this criterion to the railway policy of India also. It is not enough for us to rest satisfied that the Railways are yielding a net dividend of $6\frac{1}{2}$ crores of rupees to the general revenues. It is up to this House to find out whether the tariff policy followed by the Railway Board is such as to stimulate the important key industries of the country. My Honourable friend Sir Charles Innes attempted to show that the railway freight on coal has increased only by 31 per cent., while the actual cost of the Railways themselves has increased by one hundred per cent., and on this basis he attempted to justify the increase of 31 per cent. on the freight on coal. But I would submit to him, Sir, that that is not the proper way of looking at the question at all. The whole question is, what is the average cost of the hauling of coal per ton per mile and what profit is actually made on the haulage of coal? Now I see that in November 1923 the freight charged by the railway companies for the transport of coal from Jharriah to Bombay was Rs. 15-6-0 per ton for public coal and Rs. 13-14-0 per ton for railway locomotive coal. I would like to ask my Honourable friend to enlighten this House whether this rate of Rs. 13-14-0 per ton for railway locomotive coal represents the actual cost of haulage, or whether over and above this Rs. 13-14-0 per ton any profit is made by the railway administration. Even taking it for granted that Rs. 13-14-0 per ton from Jharriah to Bombay represents the

actual cost of haulage of the coal, then it is clear that the railway makes a profit of Rs. 1-8-0 per ton from Jharriah to Bombay; and in view of the serious condition of the industry I ask whether it would not be worth while for the railway administration to consider whether it would be proper on their part to make this profit on the haulage of coal.

There is another point, Sir, on which I would like the Honourable Member to enlighten this House and that is whether coal gets the advantage of the scale rates which involves a reduction of the mileage rate in accordance with the length of the lead. On this point there was a definite recommendation by the Industrial Commission. They said:

"Similarly, when 'scale' or 'tapering' rates are charged, which involve a reduction of mileage rate increasing with the length of the lead, each railway treats the length on its own system as the sole basis for its charges, irrespective of the total lead, and a consignment which divides a journey of 300 miles equally between three railways, only obtains the mileage rate applicable to a lead of 100 miles. * * * We think that Railways should accept the principle which is followed in some other parts of the world, that a consignment travelling over more than one line should be charged a single sum based on the total distance, any special claims for extra cost incurred by a particular line in handling short-length traffic being met by the grant of suitable allowances or of a suitably larger share to the less favoured line, when dividing the total payment between the railways concerned."

I would like the Honourable Member to tell us whether this principle is observed in handling the transportation of coal over the Indian railways. From the figures given by my Honourable friend Mr. Lalbhai, I see that the rate for the transportation of coal from the Central Provinces to Bombay, which is a distance of 660 miles, is practically the same as that which prevails for the distance from Jharriah to Bombay, which is 1,165 miles. Certainly, the latter rate being for a longer distance, if the principle that is recommended by the Industrial Commission were adopted, must certainly be lower than that charged between the Central Provinces and Bombay. I hope, Sir, that we will get some more information from the Honourable Member on this point also.

Sir Campbell Rhodes (Bengal: European): Sir, as my Madras friends regard me as an untouchable, I think I will return to my old love and in this instance say a word in favour of the policy of the Railway Board. We heard yesterday a great deal about the extravagance of the Department so ably presided over by Mr. Hindley. I think we should put him in the dock for extravagance if he carried out some of the somewhat wild ideas we have heard from some of the previous speakers. I only rise to my feet, Sir, because one of our distinguished Chairmen, abrogating the duties which belong to yourself, has taken upon himself to call upon individual speakers to address the House, and as the representative of the Associated Chambers of Commerce evidently shows no sign of doing so, I am going to just say a few words on the subject. (*A Voice*: "On his behalf.") Mr. Neogy, I think it was, quoted the freights by sea and the freights by land and pointed out that sea freights are cheaper than land freights. I think nearly every schoolboy knows that fact; and if Mr. Neogy some time when he is in his constituency again would go down to the Kidderpore Docks and see the large bulk handling of coal in the hold of a steamer, he would realize why it is more economical to carry your coal by sea; and I think the Honourable Commerce Member, Sir, is definitely on the right lines in trying to get the coal carried from Calcutta to Bombay by water. Unfortunately he used that term "British tramp" and this raised some

[Sir Campbell Rhodes.]

excitement in certain quarters of the House (Laughter). The whole point about the tramp, Sir, is that it is a tramp and belongs to no nation in particular. There have been many things said against liners and shipping rings. The great advantage of the tramp is that it is outside the shipping rings, and it butts in, very awkwardly sometimes, to cut out freights from under our feet. If the Indian Mercantile Marine is ever to have a chance in competition, it certainly will be on the tramp basis, because there is no question of rebate, and there is no question, as I said before, that for long distance coal it is much better carried by sea rather than by land. And that is why partly I am such a strong advocate of the opening of the Vizagapatam Harbour. The Mover of this reduction has mixed up several things together. He has strayed into the path of protection and here I hope we shall hear from Sir Purshotamdas Thakurdas shortly the views of Bombay on the subject of Natal coal. I learn from the *Pioneer* of this morning from Bombay that the Standing Finance Committee have adhered to the doctrine of buying in the cheapest market. The East Indian Railway line at present is congested with traffic. If Members will take a trip to that delightful city of Calcutta, they will see standing in every siding waiting for the mail to pass long rakes of coal wagons. It is impossible to increase your third class trains on the railways, it is impossible properly to develop the country and to carry the traffic so long as coal which should be carried by sea is carried by land; and I shall therefore be one of those who, in this instance, will support the Government.

Sir Purshotamdas Thakurdas: Sir, I wonder what the Honourable the Commerce Member said when he wound up with the following statement. I took down the words as I heard them from him. He said, Sir, in conclusion, "Here the conscience of the Railway Board is absolutely clear." I am sure, Sir, that even the Honourable Mover of the amendment will accept this assurance of the Commerce Member that on this question the conscience of the Railway Board is absolutely clear. If we have caught them on some other point yesterday where their conscience was a little less clear, I would like to congratulate the Assembly.

The question before us, Sir, is not one that has been discussed only to-day or recently. The grievance of the coal trade that the increase in the railway freight rates has been such as to allow foreign coal to compete with Indian coal is a long-standing one. My Honourable friend from Bengal invited me to put before the House the views of Bombay. I think the House already knows the views of Bombay and of my Chamber. He read out a message which indicated that the Finance Committee of the Bombay Council, I think he said, had decided to buy coal from the cheapest market. I am not surprised. I am sure the Finance Committee of any other provincial Government would do the same thing. That I think is the complaint before the Government of India that they regulate the freight on coal in India in such a manner that it gives foreign coal a chance to compete with Indian coal on unequal and unfair basis. The figures given by my friend Mr. Kasturbhai Lalbhai show the care that the Commerce Member or the Railway Department in foreign countries takes in regulating freights on coal; and if I have understood my friend's motive in moving this amendment correctly, it is this, that he wants the

same mentality from the Railway Board in regard to the question of adjusting freights on Indian coal, one of the cheapest articles, one of the articles most necessary for the industries in this country. I am sure my Honourable friend Sir Campbell Rhodes cannot have forgotten the very strong recommendation that he himself made from the Fiscal Commission, that the raw produce necessary for any industry should be handicapped as little as possible. I wish he had reminded the House about it before he sat down.

Sir, in the morning we discussed with some heat the question of a decrease in passenger rates. Here now in the afternoon, Sir, is brought up a question of a decrease in the coal freight. The inference of the whole appears to me to be that the Assembly is anxious—if I may repeat what I said on the first day of the general debate—is anxious that they should be able to declare to the tax-payers and the general public a dividend from the Indian Railways which would be perceived by them, give it in the shape of lowering of passenger rates, give it in the shape of lowering of freight rates, give it in any shape, but let us give it as early as we can. I do not think even Mr. Kasturbhai expects Government to make any change this year in the Budget for the purpose of lowering coal rates: I expect he will be quite satisfied if the Honourable the Commerce Member can on behalf of Government assure him that this question would again be brought up before one of the Committees in conjunction with the Railway Board and would be examined thoroughly before the end of the year. By that time the monsoon will clearly show which way our estimates are likely to stand, although, I repeat, I do not have much apprehensions on that score, irrespective of any unexpected disaster. I feel that in order to cut the discussion short, if an assurance of that nature can be given, perhaps the Honourable the Mover of the amendment may see his way not to press the amendment.

Mr. W. S. J. Willson: Sir, you never know what is going to happen in this House. When I spoke this morning and attempted to side with a friend from Madras, he immediately withdrew his motion. Consequently I might have been justified in feeling that if I had sided with my friend from Bombay this afternoon he would have withdrawn his. Apart from that, Sir, having been connected with transport all my life, I know perfectly well the difficulties in this matter. I must not have jibes thrown at me because I remain in my seat. I know perfectly well which side I am going to vote. I am going to vote with my friend from Bombay, and I am going to ignore the insults of my friend Sir Campbell Rhodes: but I am not going to make the mistake, which several Members have made, of arguing the case against Sir Charles Innes, because I do know, being somewhat of an expert in transport, that they have laid themselves open to most appallingly easy points of attack.

The Honourable Sir Charles Innes: Sir, I would just like to say one or two words before this matter comes to a division. It is perfectly true that the Associated Chambers of Commerce, that august body, did pass a resolution in favour of a reduction of coal freight. My own experience of the business man in India and all the world over is that if he can get something for nothing, the mere passing of a resolution will not stop him from doing so. Mr. Shanmukham Chetty asked me a definite question. He asked me whether we were making very great profit on the carriage of

[Sir Charles Innes.]

our coal. I have some figures here, but I definitely did not put them forward because it is extraordinarily difficult to say what exactly your cost on any particular article which you carry on the railways is. It is very difficult to be sure that your figures are absolutely accurate, but we have made a definite attempt to find out what the cost of carrying a wagon of coal is in comparison with what we get for it. Now, our figures are these. On long distance coal we get freight of on an average 40 pies per wagon mile. The bare cost, without taking any interest charge at all, is 84 pies per wagon mile. If you add interest charges—naturally they have got to bear their share of interest charges—the cost is 51 pies per wagon mile. And so according to those figures we lose on the coal we carry. We do not mind doing it because we have recognised that if we can carry coal cheaply we encourage industries. If there are more industries, there will be more trade and that is why we are quite prepared to carry the coal, as we believe, actually below the cost price.

Mr. R. K. Shanmukham Chetty: Do you then lose more heavily on railway locomotive coal?

The Honourable Sir Charles Innes: I cannot tell you that. I had merely had these figures worked out for the purpose of discussion.

Mr. N. M. Joshi: May I ask, if you carry your coal below cost price, how do you propose to make up the loss?

The Honourable Sir Charles Innes: We carry our coal at these low rates because we hope that thereby we keep the industries going and industries bring traffic to the railways.

Mr. N. M. Joshi: But how will you make up the loss?

The Honourable Sir Charles Innes: I cannot say that.

I have only one other thing to say. As I said to the Associated Chambers of Commerce and I say it again to this House, that we recognise the importance of carrying our coal as cheaply as we can and it is a matter which we have constantly under our examination. As far as we can see the matter at present, in the first place, we are carrying our coal as we believe at a loss for every ton we carry. And, in the second place, I put it quite frankly to this House that I do not think it fair for this House to pass this vote as a censure upon me because we are carrying our coal at 80 per cent. in excess of the rates of 1925. Besides, as we all know, the cost of running railways has gone up a great deal more.

Mr. President: The original question was:

"That a reduced sum not exceeding Rs. 9,07,900 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, 1926, in respect of the 'Railway Board'."

Since which an amendment has been moved:

"That the Demand under the head 'Railway Board' be reduced by Rs. 100."

The question that I have to put is that that reduction be made.

4.P.M. The Assembly divided:

AYES—50.

Abhyankar, Mr. M. V.
Acharya, Mr. M. K.
Aiyangar, Mr. C. Duraiswami.
Aney, Mr. M. S.
Belvi, Mr. D. V.
Chaman Lall, Mr.
Chanda, Mr. Kamini Kumar.
Chetty, Mr. R. K. Shanmukham.
Crawford, Colonel J. D.
Duni Chand, Lala.
Dutt, Mr. Amar Nath.
Goswami, Mr. T. C.
Govind Das, Seth.
Gulab Singh, Sardar.
Hans Raj, Lala.
Hari Prasad Lal, Rai.
Ismail Khan, Mr.
Iyengar, Mr. A. Rangaswami.
Jajodia, Baboo Runglal.
Kasturbhai Lalbhai, Mr.
Kazim Ali, Shaikh-e-Chatgam Maulvi
Muhammad.
Kidwai, Shaikh Mushir Hosain.
Lindsay, Mr. Darcy.
Lohokare, Dr. K. G.
Mehta, Mr. Jamnadas M.
Misra, Pandit Shambhu Dayal.

Misra, Pandit Harkaran Nath.
Murtuza Sahib Bahadur, Maulvi
Sayad.
Mutalik, Sardar V. N.
Nambiyar, Mr. K. K.
Narain Das, Mr.
Nehru, Pandit Motilal.
Nehru, Pandit Shamlal.
Neogy, Mr. K. C.
Patel, Mr. V. J.
Piyare Lal, Lala.
Purshotamdas Thakurdas, Sir.
Ranga Iyer, Mr. C. S.
Ray, Mr. Kumar Sankar.
Sadiq Hasan, Mr. S.
Samiullah Khan, Mr. M.
Sarfaraz Hussain Khan, Khan
Bahadur.
Shafec, Maulvi Muhammad.
Singh, Mr. Gaya Prasad.
Sinha, Mr. Ambika Prasad.
Sinha, Kumar Ganganand.
Syamacharan, Mr.
Tok Kyi, Maung.
Vishindas, Mr. Harchandrai.
Willson, Mr. W. S. J.

NOES—54.

Abdul Mumin, Khan Bahadur
Muhammad.
Abdul Qaiyum, Nawab Sir Sahibzada.
Abul Kasem, Maulvi.
Ahmad Ali Khan, Mr.
Ahmed, Mr. K.
Aiyangar, Mr. K. Rama.
Aiver, Sir P. S. Sivaswamy.
Ajab Khan, Captain.
Akram Hussain, Prince A. M. M.
Ashworth, Mr. E. H.
Badi-uz-Zaman, Maulvi.
Bhore, Mr. J. W.
Blackett, The Honourable Sir Basil.
Bray, Mr. Denys.
Burdon, Mr. E.
Calvert, Mr. H.
Clow, Mr. A. G.
Cocke, Mr. H. G.
Cosgrave, Mr. W. A.
Dalal, Sardar B. A.
Fleming, Mr. E. G.
Fraser, Sir Gordon.
Graham, Mr. L.
Hindley, Mr. C. D. M.
Hira Singh, Sardar Bahadur Captain.
Hudson, Mr. W. F.
Hussanally, Khan Bahadur W. M.
Hyder, Dr. L. K.
Innes, The Honourable Sir Charles.

Jinnah, Mr. M. A.
Joshi, Mr. N. M.
Makan, Mr. M. E.
Marr, Mr. A.
McCallum, Mr. J. L.
Mitra, The Honourable Sir Bhupendra
Nath.
Moir, Mr. T. E.
Muddiman, The Honourable Sir Alex-
ander.
Muhammad Ismail, Khan Bahadur
Saiyid.
Naidu, Mr. M. C.
Pal, Mr. Bipin Chandra.
Ramachandra Rao, Diwan Bahadur M.
Rangachariar, Diwan Bahadur T.
Reddi, Mr. K. Venkataramana.
Rhodes, Sir Campbell.
Rushbrook-Williams, Prof. L. F.
Sarda, Rai Sahib M. Harbilas.
Sastri, Diwan Bahadur C. V. Visva-
natha.
Sim, Mr. G. G.
Singh, Rai Bahadur S. N.
Sykes, Mr. E. F.
Tonkinson, Mr. H.
Venkatapatiraju, Mr. B.
Webb, Mr. M.
Wilson, Mr. R. A.

The motion was negatived.

ATTITUDE OF THE RAILWAY BOARD WITH REFERENCES TO THE GRIEVANCES
OF THE GENERAL PUBLIC.

Lala Duni Chand (Ambala Division: Non-Muhammadian): Sir, when I made an unsuccessful attempt yesterday to bring in the question of the complaints and grievances of the general public in connection with the motion of Mr. Patel, I remarked that in the matter of the grievances of the public against the Railway Administration, the policy of the Railway Board has been characterised by indifference, lukewarmness and condonation; and that it will be a very good thing for the public if this policy is replaced by a policy of determination and earnestness on the part of the Railway Administration to redress all these grievances that the public has got and to remove all these evils from which the Railway Administration is suffering. It is a subject which is of vital importance to the public at large. I may not be able to do full justice to the subject, but I hope Members of the House more able and more competent than myself will do full justice to the subject. The general public consists of the passengers, of the trading people, and all those people who have to do one thing or the other with the Railway Administration. The Railway Administration is full of many abuses to which I want to draw the prominent attention of the House and thereby of the Government on this occasion. First of all, there is the question of the grievances which the third class passengers have got. The question of the grievances of the third class passengers has been very prominently brought to the notice of this House more than once. As to the third class passengers I only make a brief reference.

Mr. W. M. Hussanally: On a point of order, Sir, the question of third class passengers has been fully discussed and disposed of to-day.

Another Honourable Member: Only with reference to fares.

Lala Duni Chand: I see that in the budget estimate for 1925-26 a special provision of 30 lakhs for amenities for third class passengers, such as waiting sheds, refreshment rooms, booking facilities, water supply and so on, has been made. It is too small a sum to be provided for the comforts of those who contribute the bulk of the railway income under the head of passenger traffic income. I venture to think that without upsetting the other heads of the Budget much more generous provision could be made to provide for the needs of third class passengers by the framers of the Budget. It is truly a pathetic scene to be witnessed on a good many railway stations that the third class passengers, particularly on occasions of fairs which are too many in this superstition ridden country, can neither protect themselves from the scorching sun in the summer or from the biting cold in the winter. The question of the supply of water on railway stations particularly in the summer season is a question to which I invite the particular attention of the Railway Administration on this occasion. The water supply arrangements are extremely inadequate. The water supply on many stations is very scanty and the water-givers are generally a set of indolent, low-paid and physically weak men. They are servants more of the station masters and other railway officials than of the thirsty public. On many stations it is the Seva Samitis and other public

serving bodies that make up, though inadequately, what is clearly the duty of the Railway Department.

As to certain other grievances against the Railway Administration, I may say that they are too many and it is not possible to deal with them even briefly in a short space of time. The travelling public is entitled to receive a much better treatment at the hands of the railway officials than it does. The third class passengers receive the worst treatment and are at times treated as if they are not human beings. Instead of the advertisements of patent medicines being put up on the walls of railway stations, the true lesson that every railway official is the servant of the public and is expected to behave as such should be written in bold letters on conspicuous places. The railway officials badly need to be taught the elementary lessons of good manners and courteous behaviour. The majority of the subordinate railway employees in certain sections are either thieves or receivers of stolen property. (*Mr. C. D. M. Hindley*: "Shame.") When I make this remark I make it advisedly: I know that I am perfectly in the right. There are very few consignments which are safe in their hands. There are very few things which they think they are not entitled to share. It is a matter of regret that higher railway officers condone the actions of their subordinates. In order to effect reform in this direction it is absolutely necessary for the higher officers to adopt a very severe attitude in the matter. In order to befriend the public and remove their grievances it is absolutely necessary that a much higher standard of public conduct than is to be found at present should be introduced into and insisted upon all ranks of the railway service and the present policy of the Railway Administration of inaction and lukewarmness should be replaced by a policy of earnestness to eradicate the evil. It is a fact that every trader who has anything to do with the Railways cannot have a single consignment of goods sent or received without making an extra payment either to a goods clerk or a station master. Not a single wagon can be had unless and until one pays an extra sum for it. The truth of the matter is that there is a sort of a joint stock company, big or small, on each railway station which daily receives blackmail and distributes it among its shareholders. The traders of every town find themselves helpless and accept what they think is inevitable. There is no doubt that there is a widespread belief, for which there are good and tangible grounds, that this state of things is connived at by higher officers, of whom some actually receive a share in one form or the other. I may point out on this occasion that I do not blame each and every officer of the railway department. I know that in the railway department there are some officers of a very high character and I say that the credit for whatever good things you find in the Railway Administration is due to these officers; but at the same time I do want to say very boldly that there are certain officers even among that class which is called the class of higher officers who share the illicit gain along with the goods clerk and the station master, etc. If the Government are really in earnest to know all this the Government can very easily know. It is an open secret that there are some prize stations for getting which the station masters leave no stone unturned. I was one day told by a coolie at Delhi railway station that every coolie has got to contribute a portion out of his hard-earned wages to railway gods and the total contribution comes to a fairly big sum every month. I was in fact told, and I have every reason to believe, that the coolies of the Delhi station are made to pay about Rs. 2,000 a month to those who are the masters of their destinies. The manner in which he told me the story convinced me of its truth. In short, corruption is

[Lala Duni Chand.]

rampant among a section of the railway service, particularly among the employees of the goods and traffic sections. When a question is asked on the subject on the floor of this House, a stereotyped reply comes from the Honourable the Railway Member that a full inquiry will be made into any complaint that might be made. But complaints are made in hundreds and thousands and they are generally thrown into the waste paper basket, and so all those people go on merrily with their game. Nothing short of a definite change of policy and attitude on the part of the Railways and the higher railway officers in the matter will produce the desired result. I want to say one thing on this occasion. There is one particular disease from which the Government are suffering. What is that disease? There is a tenacity on their part not to recognise the facts as they are. Everything that I have said in my speech I have convinced myself of its truth. Whenever I say anything the only thing for which I care is whether it is true. If I am convinced that it is true, I say it frankly and fearlessly. In all these things that I have said there is no desire on my part either to abuse or to spite the Government or the Railway Administration. It is my duty to point out the truth as it is and it is open to the Government to accept it or not. I would most respectfully request my Honourable friend Sir Charles Innes to inquire into the truth of these facts. I say, go to every trading town and see their books. You will find daily entries—hundreds of them—in all the books of those people who have anything to do with the Railway Administration. This is the truth that I boldly and truly utter and it is for the Government really to take it up or not. I also beg to submit on this occasion that this motion of mine is both in the nature of a censure and also in the nature of an appeal. It is in the nature of a censure in this sense that the Government have not taken any steps in the matter. Government may have some times appointed a committee to inquire into these things, but until and unless there is earnestness on the part of the Government, these reports of committees will not bring about any good. It is in this sense a vote of censure that a very large section of the public is suffering at the hands of the Railway Administration and it is up to the Government to remove those evils. I admit that the Railway Administration is a very intricate and complicated machinery. The Railway Administration, or those who are in charge of it, may not always be able to eradicate all these evils. If I find that there is a real desire, that there is a real determination on the part of the higher railway officers to remove as many evils as they can I shall be satisfied. It is also an appeal in this sense that I wish the administration to be infused with a spirit of eradicating all these evils and removing the grievances of the public. I most earnestly request the House to pass this motion, which is a motion in the nature of a censure and also in the nature of an appeal. When I wanted to talk on this subject some time ago in connection with another Resolution, one of my friends, Maulvi Abul Kasem, wanted to support me. The burden of my speech, which I was not allowed to make, was the same. I was very anxious that if the railway employees were to be given an increment, there should be an inquiry at the same time into the conduct of the railway servants, so that both the railway servants and the public may get the benefit. The benefit should not go to the railway service alone. I want to utilise this opportunity to bring this question most prominently before the House and before the Government. I cannot possibly understand that any Member of this House

can honestly and conscientiously vote against this motion, because anybody who votes against this motion will be a party to all these evils that I have described in my speech. I hope this motion will be carried by the House, so that it may open the eyes of the Government and the Government may be more earnest in future in removing the grievances of the public.

Mr. President: Reduction moved:

“That the Demand under the head ‘Railway Board’ be reduced by Rs. 100.”

Colonel J. D. Crawford (Bengal: European): Sir, I have considerable sympathy with this question of the difficulties with which the third class passenger is faced in railway travelling, but I at once want to dissociate myself from the suggestions of Lala Duni Chand in his unjustifiable attack on a body of public servants. I do not consider that this House is the place in which that attack should be made. I understand that one of the implications of State management is that it is our duty to look after our public servants. I do not wish to plead for the guilty in the very least. If they are guilty, by all means let them be punished. But we are not going to improve friendship between the railway staff and the public by abusing them blindly in this House.

Lala Duni Chand: I request you when you go out of the Assembly to inquire into the truth or otherwise of the allegations that I have made and I hope you will be satisfied.

Mr. C. D. M. Hindley: Go and repeat them outside.

Colonel J. D. Crawford: I have said, Sir, that I am in sympathy on the general question of the grievances of third class passengers. As an officer of an Indian regiment I have often heard from the lips of sepoys with what troubles they are faced when they go on leave and when they return. Only the other day, travelling down by a passenger train from Ambala to Delhi, I happened to look out of the window at one station and I found in the struggle to find places in overcrowded carriages the husband managed to go off and the train left when his wife was still on the platform. I was interested and looked out at the next station. This time it was not the wife but it was the luggage that was left out, and I had a feeling that the railway servants on this occasion did not do all that they could to assist passengers to find their places in the train. On the Railways, a considerable amount of the difficulty, in fact the major portion of the difficulty, arises from the overcrowding in third class carriages and from the fact that many of the passengers carried are ignorant of railway methods. At the same time I do believe that under our present Chief Commissioner there is a hope that we may build up amongst the railway staff a spirit of service which will assist us in overcoming many of our difficulties. But that spirit of service will only arise if we in this Assembly, and the public generally, treat our railway servants with equal consideration. I have heard many questions on railway matters in this House, and I deprecate them as much as anybody else. I feel they take up the time of the House unnecessarily and I particularly deprecate those dealing with the staff of the railways but I have often wondered if the Honourable the Commerce Member realises the true significance of all those questions. It lies in the fact that third class passengers suffer considerable hardships in their travel, and I do

[Colonel J. D. Crawford.]

hope that the Honourable the Commerce Member will consider the possibility of taking even greater measures than he proposes to do for the improvement of travelling facilities for third class passengers.

The Honourable Sir Charles Innes: I understand that the Honourable Member who moved this motion referred generally to third class passenger grievances and he then went on to devote a greater part of his speech to an attack upon the whole of the Railway Department. He made himself responsible for such statements as these, 'that the majority of railway subordinates are thieves and receivers of stolen property, that the higher railway officials condone their actions, that no wagon will be supplied without a bribe, and that the traders often find themselves helpless when this state of things is connived at by the higher officials. I put it to the House that when statements of this kind are made in this House by a Member of the Assembly they echo all through India, and the effect of this motion, if it is carried, will be that this House has branded a body of servants numbering 700,000 as receivers of stolen property and bribe-takers. I make this offer here and now to the Honourable Member who has moved this motion. If he will not take advantage of his privileged position as a Member of this Assembly, if he will come outside this House and make these charges in the open and in the public against any specific officer, we will guarantee to have those charges inquired into. If he is wrong he will then stand a charge of defamation. That, I submit, is the proper way for this House to deal with an Honourable Member who brands the whole of a body of public servants in India with a stigma of this kind. I submit it was a wrong thing and I hope the Honourable Member will withdraw his statement. I do not deny for a moment—I have to admit it with regret—I do not deny for a moment that corruption does exist on the railways. I believe it exists on almost all the railways of the world. It was bad at the end of the war when the shortage of wagons was at its worst, and I have often discussed this matter with the Chambers of Commerce. I remember discussing it with one particular Indian Chamber of Commerce. They were complaining about this very matter and I put to them this question. "I am afraid that to some extent this evil does exist. But are not traders to some extent responsible for this, because, don't they submit to this practice?" They said to me quite frankly, "We agree. We agree that we do submit to this practice and we do connive at it." But they went on to point out very properly that very often to the particular trader it did mean a very great loss if he did not get a wagon in time. I quite admit that. We are trying to meet the evil not only by a proper system of distribution of wagons but by increasing the number of wagons. That is the real solution, and if we can supply as many wagons as the trade requires, then this question of corruption will I am sure disappear. The only point I wish to make is that I do not think it right that any responsible Honourable Member of this House should brand a whole body of servants in the way in which the Honourable Member has done. I should like him to remember that the vast majority of these servants are Indians themselves. The only person who can reply for them is myself, and I cannot do it adequately, and I do suggest that it would be a wrong thing for this House to pass this motion. I suggest to the Honourable Member that the proper course for him to adopt is to withdraw his motion and if he will bring to my notice any

specific cases against any specific official outside the House, then I will guarantee, if he will make himself responsible for the charge, to have them inquired into.

Lala Duni Ohand: I want to rise to a point of personal explanation, Sir. For every word that I have spoken in connection with this motion I

Mr. President: The Honourable Member is merely repeating his statement. The Honourable Member made an extreme speech. He is not satisfied with having received a somewhat severe reply,—a consequence which naturally follows on the original cause.

Lala Duni Ohand: Will you kindly allow me to say what I said . . .

Mr. President: The Honourable Member asked for an opportunity for a personal explanation, and was proceeding to repeat his original statement, when I rose.

Lala Duni Ohand: My personal explanation is that the only thing that I said was that corruption is rampant among a certain subordinate section of the railway employees and that there are some higher officers who condone that corruption. That was my statement, nothing more, nothing less.

Khan Bahadur W. M. Hussanally (Sind: Muhammadan Rural): While I fully sympathise with the Honourable Mover of this motion in regard to the corruption existing on Railways and inconveniences of third class travelling, I must admit that his assertions and condemnations were far too sweeping and they were given out in such broad and general terms as to condemn the whole of the railway staff from top to bottom. But I am glad at the same time to observe that the Honourable the Commerce Member has admitted that there is corruption on almost every railway in India. That this corruption exists to a very large extent on the railways cannot be doubted and it has been admitted here in this very House on several occasions. The misfortune has all along been that the Railway Board and the Railway Administrations have not taken any action upon the facts as brought to their notice in this House. As I have said once before, Dr. Nand Lal brought this subject before this House in the last Assembly on several occasions, and there was an admission made then that there was corruption, as it has been made to-day. But what this House is entitled to know is, what action the Railway Board and the Chief Commissioner have taken in the matter so as to minimise this evil. That is what we want to know. It is not enough for the Railway Board and the Agents of the various railways to sit with folded hands and say: "We cannot do anything. We cannot get any evidence." As I pointed out the other day, the Railwaymen's Union at Lahore passed a Resolution to this very effect that there was corruption on the North Western Railway everywhere, and they asked the Agent to associate some of the representatives of the Union in the inquiry they asked for in order to bring home the charges to the individuals concerned. What reply did the Agent of the North Western Railway give? He said that no useful purpose would be served by associating any representatives of the Union for the purpose

[Khan Bahadur W. M. Hussanally.]

of finding out the delinquents. The object evidently with which the Union asked the Agent to associate representatives of their body in the inquiry was with a view to furnish evidence with regard to corruption in particular cases. That was the sole object with which the Union made that request and passed the Resolution, and yet the Agent in his reply says that it will serve no useful purpose. If the Agent would not listen to the advice of the Union and would not give them any opportunity to place evidence before him, what else could the public or the Association do with a view to checking this evil? The result of that action on the part of the Agent was to encourage the delinquents to go on in their mad career of corruption more and more. If, for instance, the Agent of the North Western Railway had only prosecuted one man upon certain evidence that he got from the Union, no matter even if the case failed, the indirect effect of that prosecution would have been very great and corruption would have been checked to a certain extent, if not entirely. What my friend Lala Duni Chand probably wanted to bring to the notice of the House is that the Railway Administrations sit with folded hands and shut their eyes and do not wish to inquire into matters of this kind and remedy the evil. That is a point surely to which this House is entitled to draw the attention of the administration and also of the Commerce Member. And to do that I do hope that this motion will not be lost but carried, in order to get the machinery of the Railway Board into some action.

In regard to the grievances of the third class passengers I remember on the suggestion of my Honourable friend Diwan Bahadur Rangachariar some time ago Superintendents were appointed in certain large towns, but the question is whether these Superintendents have succeeded in looking to the comforts of third class passengers. I am afraid that these Superintendents, if they have been appointed, are more in name and have done nothing. The discourtesy of the railway subordinate officials to passengers, especially second and first class, particularly Indians, is proverbial. I repeat the discourtesy to Indians is proverbial almost on every line. I have had experience of that myself several times. A Goanese ticket collector getting Rs. 20 or Rs. 30 is so overbearing in his manner to Indian passengers that it would shock the Honourable Mr. Hindley if he were to see it for himself. The third class passengers are never shown their proper places and are never attended to at stations as they ought. I know the number of carriages available is very small. There is always a rush at big stations but still there ought to be some people to look to the comforts of third class passengers and specially women. This is a crying want. Similarly, in the case of the supply of water. At many stations I have seen it for myself that there was a great demand for water and passengers could not get a drop. I am aware there are water carriers employed. I am talking of the North Western Railway. These water carriers are more used by the station staff as their private servants and cooks. It is very seldom that you see them on the platforms carrying water to serve the passengers. There is again absolutely no arrangement for water for first and second class passengers. These are complaints which are very general and surely something must be done to remove them.

Mr. O. D. M. Hindley (Chief Commissioner, Railways): I have very much appreciated the remarks made by Colonel Crawford in regard to the necessity for encouraging in the railway services a spirit of service for

that is a matter which I have very much at heart myself. That is a matter also which the Agents and the principal officers of the Railways also have very much at heart and I hope that in course of time it will be possible to infuse into the large numbers of employees in the railway service who have to deal with passengers something more of the spirit of service which is necessary to enable them to meet their obligations towards the travelling public. I was reminded by Sir Purshotamdas that I must not preach the House a sermon. I was endeavouring to give the House a little information about some of our activities and some of our work and I was rebuked by Sir Purshotamdas for preaching the House a sermon. I am therefore going to be as brief as possible. I shall refer for a few minutes to the methods that we have been adopting in order to prevent the possibility, as far as possible, of corruption taking place in connection with the supply of wagons. The Khan Bahadur has accused me and the Agents and every one else connected with Railways of sitting with folded hands and watching this practice going on. That, Sir, is hardly fair but I must admit that I have not many opportunities of explaining to this House such matters as this in detail. I would like to say first that this business of buying and selling wagons wherever it exists can be put a stop to by the public, by the traders themselves, if they wish to, and amongst the various difficulties in connection with this matter is the difficulty of finding any one who will come forward with a concrete complaint about a particular instance. Wherever such a complaint is made, a concrete instance given of a bribe having been taken or asked for, it will inevitably be inquired into. It is absolutely incorrect and untrue to say that complaints made like this to a superior officer with evidence are ignored. I challenge any one to produce a case of that kind which has been ignored. The remedy, as I say, is in the hands of the public if they like to adopt that remedy. Now, what is the primary cause of any one being induced to take or to give a bribe in connection with a wagon? It is the man who wants the wagon who will probably offer a bribe in order that he can get a wagon earlier than some one else who has a consignment ready to go. There can be no other reason for giving a bribe in connection with getting a wagon. The House has been told on many occasions, probably it is not within the memory of Members because Members do not really take very much interest in details of this kind, that we have a system of registration at stations, under which station masters keep registers of the consignments as they are offered for transit. Now you will say, "Of course, the station masters can fake that register as they like", but I can assure the House that this is a matter which is watched very carefully and it is practically impossible under the system of check that we have for station masters to alter that list of registration. I firmly believe that these general complaints that have been made and are constantly being made about bribes in connection with wagons are very largely matters of the past. Sir Charles Innes has given the House quotations regarding this matter of corruption. There is no disputing the fact that corruption has taken place. It is possible that it does take place in certain cases, but it is not general and it is not widespread. If any Member has information of a solid character, of a concrete case which can be brought to us, and on which we can make investigations, we shall have no hesitation in making those investigations. Now, with regard to these registers. Even with all the checks that can be applied, there of course is the danger of the human element coming in again. I do not propose to deal with Lala Duni Chand's insinuations, but what I want to say is this. On the North Western Railway, where these complaints, so far as they

[Mr. C. D. M. Hindley.]

have been voiced, originate, there is a system which is far in advance of anything, which has been tried anywhere else in connection with the train control system whereby every station within a certain radius of Lahore is in telephonic communication with headquarters and can be spoken to at any time of the day. The station masters of all stations within that radius have to telephone exactly what consignments they have for transit every day. The information which they give to headquarters is used as the basis for sending out wagons to pick up those consignments on the following day. The station master commits himself definitely to the consignments he has on hand and the order in which they have been registered by the telephonic message which he sends. He is liable to be inspected at any moment to prove the truth or otherwise of what is wanted.

Dr. K. G. Lohokare: Does that method obtain in other railways?

Mr. C. D. M. Hindley: The system working there has been in force for some time and it is giving good results. It has many advantages. It has this advantage that it enables wagon supply from headquarters to be made regularly and to make it in a fashion so as to meet the demands from outlying stations. That is to say, there is no question as a general rule that if a man offers a consignment at a station he will get the wagon the next day or as soon as possible; and that means that the station master himself, or other subordinate staff in connection with the work, have no opportunity or chance of making capital out of the fact that wagons are not coming along. (*Dr. K. G. Lohokare:* "May I know if the system obtains on other railways?") May I be permitted to continue my speech without interruption for a moment. This system is in force in the districts in the neighbourhood of Lahore. This is an extension of the registration system which is in force on all railways, and where the train control is being introduced it will be possible to introduce something of this kind or a modification of it. Now, Sir, I am not saying that this is an absolutely complete watertight system which is going to prevent any corruption in future. I do not believe it is and I do not suppose the House will expect me to believe it. But other methods are also being tried elsewhere which I will not weary the House with detailing, and they are all honest endeavours to put a practical stop to the complaints we have received on this matter, and I hope the Khan Bahadur, who has accused me and the Railway Agents of sitting down with folded hands and doing nothing, will realize from what I have said that the matter is being tackled and is being dealt with in a strenuous and energetic manner.

Dr. K. G. Lohokare (Bombay Central Division: Non-Muhammadan Rural): Sir, as regards corruption, I do not go to the length that my friend has gone, but I would suggest one or two things which may perhaps go a great way towards mending matters. I think this corruption lies more in the method of postings of the staff. When the staff is to be posted to a particular station I think there is some favouritism. I do not actually make that charge of corruption and I do not as well wish to make use of the privilege of my seat here because I have not the proofs here with me on which to base an actual charge. But I say there is some favouritism in giving these appointments at particular stations. If the postings were kept in the hands of the highest officers there would surely be no room for such corruption. That is one of the remedies that I earnestly recommend to the Railway Board.

The second is as regards the condition of the employees themselves. I think the low pay which they get is often the cause of corruption. If we can improve the lot of these people and then deal severely with all cases of detected corruption, I think we shall be helping a good deal towards stamping out corruption. I know the railway authorities are keen enough to prosecute, whenever they do catch a man red-handed, for I have seen those cases myself. But the fact remains that both in large stations and at small stations in order to maintain themselves these people fall victims to an inducement of adding to their small income.

The third thing is as regards the grievances of third class passengers. I might bring to the notice of the Railway Board the existence of the Railway Passengers' Associations and the necessity for encouraging them and allowing representative visitors from municipal towns to visit such stations in order that they might in their representative form place before the railway officials grievances of passengers. There are many grievances of this type. They can ordinarily be handled by the railway officials themselves, such as the keeping of passenger gates open a little earlier than is usually done even in big stations. In many cases you find the exit or entrance is so narrowly open that only one man at a time can get through; and consequently half an hour is often occupied in getting through. It might be possible for railway administrations to provide one or two additional gates and additional ticket checkers, and so meet the convenience of third class passengers and not detain them unnecessarily at the luggage scales or at the ticket offices and entrances. These little matters can be very well brought to the notice of the railway administration by the Passengers' Associations and these should be encouraged by the Railway Board, who, as well, should permit visitors from municipal bodies to discuss these questions with railway officials in order to ameliorate the complaints made. These are the things I commend to the consideration of the Railway Board.

Pandit Motilal Nehru (Cities of the United Provinces: Non-Muhamadan Urban): I rise to intervene in this debate in order simply to make an explanation. I find that this motion has engendered more heat than was necessary. I may at once say that this is a motion which, though it has been moved by a member of the Swaraj Party, was not considered important enough to be pressed to a division. But the turn that the debate has taken now compels the party to press it to a division. I do not by saying so make any charge either specific or general against the Railway Board or any particular person. I rely upon the fact, which is common knowledge, that there is corruption, and a good deal of corruption, among the railway servants. Beyond that I need not go, and I think that that fact alone is quite enough for this House to make up its mind as to which way its vote will go. I am sorry I was not listening to the speech of the Honourable Mover when he read it, and I cannot say how far I am in a position to agree with him and how far I am not. But I am sure the Honourable Mr. Duni Chand, who says he has made a well-considered statement, is well able to defend himself. Whether there is anything in it which requires further explanation or which should be withdrawn are matters on which I will not commit myself.

Mr. G. G. Sim (Financial Commissioner, Railways): May I point out that the particular statement made by the Mover was that the majority of railway subordinates are thieves or receivers of stolen property.

Lala Duni Chand: I did not say what is attributed to me. I have said what is in black and white. Here it is.

Pandit Motilal Nehru: It is a good thing that the speech delivered by my Honourable friend is written, or at least that portion of it which is taken exception to. I asked him, when my friend Sir Charles Innes and my friend Mr. Hindley were speaking, whether he had made the statements attributed to him. Lala Duni Chand assured me that he had not, but when he rose to explain he attempted to draw the attention of the House and of the Chair to what he had actually said, and upon that he was called to order. However, I am sorry to say that I can not even now read his speech as it is not available. It is in the hands of the reporters. But, as I have already submitted, I take my stand upon a fact which is very well known throughout the country. I do not think any Honourable Member of this House will deny what even my Honourable friend Sir Charles Innes could not deny, namely, that there is corruption not only in India but in all the railways of the world. Well, it is rather difficult—and I say so from my own personal experience—to draw the line between what is corruption and what is not. If tipping is corruption I must plead guilty to the charge of tipping railway servants not only in this country but in England and elsewhere, and more so on the Continent where you cannot get on without tips. But that there is a form of corruption quite distinct from tips there is no doubt: and that corruption it is the business of the Railway Board to take the necessary steps to prevent. The motion having been made and supported should be taken by the House to go only as far as the admitted facts are concerned and no further and I therefore ask the Honourable Members of this House to support it.

The Honourable Sir Alexander Muddiman (Home Member): Sir, I also did not intend to intervene in this debate, but the Honourable Pandit Motilal Nehru has compelled me to do so. I understand he proposes to take this motion to a division because something transpired in the debate which he did not hear and which I did not hear. (Laughter.) He did not originally consider the question of corruption on the railways of sufficient importance to justify him in doing so. The point was equally before him before the debate took place and his first decision not to take it to a division was a wise one. I suggest that he should not deviate from it.

Mr. N. M. Joshi (Nominated: Labour Interests): I, Sir, only rise to protest against the suggestion that the corruption on the railways exists only among the subordinate employees. Sir, there is corruption on the railways, but it is not confined to any one section of its employees. The Honourable Sir Charles Innes said that those people who have any statements to make should make them outside this House. I thoroughly agree with him, but I may tell him for his information that the *Weekly Mazdur* of Lucknow has been week after week making certain allegations against officers, and the Railway Board has not taken action in connection with any one of them. If the Railway Board has made inquiries, it was the duty of the Railway Board to make the results of their inquiries public, but the Railway Board has not done that. Not only that but there was recently an instance that happened in Bombay. The statement was made that the employees of a certain railway workshop in Bombay were made to contribute a handsome sum towards the marriage gift of a European superior employed in that workshop. That

statement was published by Bombay papers. I should like to know from Sir Charles Innes and the Railway Board whether action was taken against any of these papers in Bombay, and whether any inquiry was made, and whether the result of the inquiry was published.

The Honourable Sir Charles Innes: I do not know anything about it. If my Honourable friend will supply me with a copy of the paper, I shall be very happy to look into the matter.

Mr. N. M. Joshi: I feel quite sure that the Agent in Bombay had seen these statements. Sir, the fact is this. There is no doubt that the Railway Board is unwilling to proceed against European superior servants, and that is the root cause of the corruption of the subordinate employees on the railways. (Hear, hear.)

The Honourable Sir Charles Innes: Sir, I must just deny absolutely the statement made by the Honourable Mr. Joshi. He has referred to the case of the *Weekly Mazdur*, a scurrilous rag in Lucknow. It is a question, it is always a question, when you are dealing with a scurrilous rag of that kind, whether it is the wiser course to advertise the paper by prosecuting it, or whether it is the wiser course to neglect the matter altogether. In this particular case the particular officers who had been charged by the *Weekly Mazdur* unfortunately had gone home. They have come back to India now, and the question of prosecution is under consideration.

Mr. President: The original question was:

"That a reduced sum not exceeding Rs. 9,07,900 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, 1926, in respect of the 'Railway Board'."

Since which an amendment has been moved.

"That the Demand under the head 'Railway Board' be reduced by Rs. 100."

The question that I have to put is that that reduction be made.

5 P.M. The Assembly divided:

AYES—36.

Abhyankar, Mr. M. V.
Abul Kasem, Maulvi.
Acharya, Mr. M. K.
Aiyangar, Mr. C. Duraiswami.
Aney, Mr. M. S.
Belvi, Mr. D. V.
Chaman Lal, Mr.
Chanda, Mr. Kamini Kumar.
Duni Chand, Lala.
Goswami, Mr. T. C.
Govind Das, Seth.
Gulab Singh, Sardar.
Hans Raj, Lala.
Hari Prasad Lal, Rai.
Hussanally, Khan Bahadur W. M.
Ivengar, Mr. A. Rangaswami.
Kazim Ali, Shaikh-e-Chatgam Maulvi
Muhammad.
Lohokare, Dr. K. G.
Mehta, Mr. Jamnadas M.

Misra, Pandit Shambhu Dayal.
Misra, Pandit Harkaran Nath.
Murtuza Sahib Bahadur, Maulvi
Sayad.
Narain Dass, Mr.
Nehru, Pandit Motilal.
Nehru, Pandit Shamlal.
Patel, Mr. V. J.
Ranga Iyer, Mr. C. S.
Ray, Mr. Kumar Sankar.
Samiullah Khan, Mr. M.
Sarfaraz Hussain Khan, Khan
Bahadur.
Shafee, Maulvi Mohammad.
Sinha, Mr. Ambika Prasad.
Syamacharan, Mr.
Tok Kyi, Maung.
Venkatapatiraju, Mr. B.
Vishindas, Mr. Harchandrai.

NOES—50.

Abdul Mumin, Khan Bahadur Muhammad.	Lindsay, Mr. Darcy.
Abdul Qaiyum, Nawab Sir Sahibzada.	Marr, Mr. A.
Ahmed, Mr. K.	McCallum, Mr. J. L.
Aiyer, Sir P. S. Sivaswamy.	Mitra, The Honourable Sir Bhupendra Nath.
Ajab Khan, Captain.	Moir, Mr. T. E.
Akram Hussain, Prince A. M. M.	Muddiman, The Honourable Sir Alexander.
Ashworth, Mr. E. H.	Muhammad Ismail, Khan Bahadur Saiyid.
Badi-uz-Zaman, Maulvi.	Naidu, Mr. M. C.
Bhore, Mr. J. W.	Pal, Mr. Bipin Chandra.
Blackett, The Honourable Sir Basil.	Purshotamdas Thakurdas, Sir.
Bray, Mr. Denys.	Ramachandra Rao, Diwan Bahadur M.
Burdon, Mr. E.	Rangachariar, Diwan Bahadur T.
Calvert, Mr. H.	Reddi, Mr. K. Venkataramana.
Chetty, Mr. R. K. Shanmukham.	Rhodes, Sir Campbell.
Clow, Mr. A. G.	Rushbrook-Williams, Prof. L. F.
Cocke, Mr. H. G.	Sastri, Diwan Bahadur C. V. Visvanatha.
Cosgrave, Mr. W. A.	Sim, Mr. G. G.
Crawford, Colonel J. D.	Singh, Rai Bahadur S. N.
Dalal, Sardar B. A.	Sykes, Mr. E. F.
Fleming, Mr. E. G.	Tonkinson, Mr. H.
Graham, Mr. L.	Webb, Mr. M.
Hindley, Mr. C. D. M.	Willson, Mr. W. S. J.
Hira Singh, Sardar Bahadur Captain.	Wilson, Mr. R. A.
Hudson, Mr. W. F.	
Innes, The Honourable Sir Charles.	
Jajodia, Baboo Runglal.	
Joshi, Mr. N. M.	

The motion was negatived.

Mr. President: The question is:

"That a reduced sum not exceeding Rs. 9,07,900, 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, 1926, . . ."

Mr. K. Rama Aiyangar: May I point out, Sir, that there is No. 14.

Mr. President: It has been conveyed to me that no other amendment would be moved.

The Honourable Sir Alexander Muddiman: I move that the question be now put.

Mr. President: The question is:

"That the question be now put."

The motion was adopted.

Mr. President: The question is:

"That a reduced sum not exceeding Rs. 9,07,900 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, 1926, in respect of the 'Railway Board'."

Mr. W. S. J. Willson: Sir, before that goes to the vote, I should like your permission to make some remarks. I was on the point of making when I was, no doubt quite rightly, called to order on a debate under the subject of Branch Line Terms. I heard yesterday with very great regret the statement made by Sir Basil Blackett that in filling the next vacancy on the financial side of the Railway Board the scales would be quite definitely weighted in favour of an Indian. That statement, Sir, is sure to travel far and it will cause wide dissatisfaction. (*Diwan Bahadur T. Rangachariar:* "Why".) Sir, I ask seriously . . .

Mr. President: Order, order. I am afraid the Honourable Member is too late. The closure has been carried and I must put the question. The debate cannot be resumed.

Mr. W. S. J. Willson: If I may submit, your Deputy President said I would have a later opportunity.

Mr. President: The Deputy President cannot control the guillotine.

Mr. President: The question is:

“That a reduced sum not exceeding Rs. 9,07,900 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, 1926, in respect of the ‘Railway Board’.”

The motion was adopted.

The Assembly then adjourned till Eleven of the Clock on Friday, the 27th February, 1925.