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OF THE

SECOND COUNCIL OF STATE, 1927



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COUNCIL OF STATE.

Friday, 18th February, 1927.

The Council met in the Council Chamber of the Council House at Eleven of the Clock, the Honourable the President in the Chair.

MEMBER SWORN:

The Honourable Sir Clement Daniel Maggs Hindley, Kt. (Chief Commissioner, Railways).

MESSAGE FROM HIS EXCELLENCY THE GOVERNOR GENERAL.

THE HONOURABLE THE PRESIDENT: I have received a Message for the Council from His Excellency the Governor General.

(The Message was received by the Members of the Council standing.)

The Message is in the form of the following order:

"For the purposes of sub-section (1) of section 67A of the Government of India Act, and in pursuance of Rules 45, 46 and 47 of the Indian Legislative Rules and of Standing Order 70 of the Council of State Standing Orders, I, Edward Frederick Lindley, Baron Irwin, hereby appoint the following days for the presentation to the Council of State and to the Legislative Assembly of the statement of the estimated annual expenditure and revenue of the Governor General in Council in respect of subjects other than Railways and for the subsequent stages in respect thereof in the Council of State and in the Legislative Assembly, namely:—

<i>Monday, February 28th at 5 p.m.</i>	<i>...</i>	<i>Presentation in both Chambers.</i>
<i>Thursday, March 3rd</i>	<i>...</i>	<i>} General discussion in the Legislative Assembly.</i>
<i>Friday, March 4th</i>	<i>...</i>	
<i>Saturday, March 5th</i>	<i>...</i>	<i>General discussion in the Council of State.</i>
<i>Wednesday, March 9th</i>	<i>...</i>	<i>} Voting of Demands for Grants in the Legislative Assembly.</i>
<i>Thursday, March 10th</i>	<i>...</i>	
<i>Friday, March 11th</i>	<i>...</i>	
<i>Monday, March 14th</i>	<i>...</i>	
<i>Tuesday, March 15th</i>	<i>...</i>	

(Sd.) IRWIN,

Viceroy and Governor General."

THE RAILWAY BUDGET FOR 1927-28.

INTRODUCTORY.

THE HONOURABLE SIR CLEMENT HINDLEY (Chief Commissioner, Railways): I have the honour to present to the Council a statement on the estimated expenditure and revenue of the Governor General in Council for the year 1927-28 in respect of railways.

[Sir Clement Hindley.]

Before giving the Council an outline of the principal figures of the budget I think it may be advisable, in order to present the picture clearly, to describe shortly the railway property to which the figures relate.

2. At the end of March, 1926, we had altogether 38,579 miles of railway in India. Of this total the State owns 27,480, Companies and District Boards own 6,187 miles and Indian States 4,962 miles. The capital at charge of the State-owned railways on the same date was 652 crores out of a total capital at charge of 758 crores. As regards management, the four large State-managed railway administrations, namely, the North-Western Ry., East Indian Ry., Great Indian Peninsula Ry., and Eastern Bengal Ry., make up 15,543 miles, while 8 other large administrations owned mainly by the State but managed by Companies under contract with the Secretary of State account for 17,295 miles.

3. The Budget figures relate to the receipts and expenditure of the Governor General in Council, arising out of ownership, working and other contractual relations in connection with these railways, and while the size of the figures is in itself some criterion of the burden of financial control involved, it has to be remembered that the Railways Act also imposes on Government wide responsibilities of a technical nature in regard to safety and efficiency which extend beyond the field to which the financial figures relate.

4. The Railway Board, as the Department of Government entrusted with the subject of Railways, consequently bears a very heavy responsibility and the extent of that responsibility may be summed up briefly by saying that it directly administers 4 large railways aggregating 15,500 miles, while it exercises very wide powers of financial and technical control over nearly the whole of the remaining mileage excluding such railways as are entirely the concern of Indian States.

5. I am induced to make these preliminary remarks because it sometimes seems to be thought that the budget merely represents a skilful compilation of the figures relating to a number of different railway administrations with more or less independent managements, and that the Railway Board is a body which mainly concerns itself with collecting statistics and watching financial and technical results.

I am aware that the opposite view sometimes holds the field, namely, that the Railway Board directly manages all railways and should be cognisant of, and responsible for, all details of the work—even the affairs of every little outlying station throughout India. Both views, however, are equally fallacious, for while the Budget represents the State's financial operations as principal owner and Manager, and is, therefore, a measure of the responsibility of the Railway Board, it stands to reason that an immense organisation or series of organisations such as is represented by Indian railways can only be controlled by successive delegations of power and responsibility, such as must necessarily exclude from the central organisation the detailed knowledge of many things which affect the service which railways render to the public and go to influence the character of public criticism.

6. But wide as their responsibilities are, and complex as the details of railway business must be, in a country as large as India, the Railway Board can claim to have used their powers and responsibilities so far as has been practically possible in directing the work of the railway administrations

towards better and more efficient service in every direction, and in thus using available financial resources in the best interests of both the owners and users of the railways.

7. The papers which will shortly be placed in the hands of Members of this Council contain very complete information regarding the Budget and the financial position of the railways, and in particular I would draw attention to the Budget Memorandum to which we have this year attached a map of the railways to illustrate the construction programme. I may add in passing that the actual statement of the revenue of the Central Government from railways and the expenditure charged to that revenue has been printed in foolscap size in response to a suggestion made in this Council last year. With these papers and the recently issued Report by the Railway Board on the Railways of India for 1925-26 any one with sufficient leisure can make himself fully informed of the affairs of Indian Railways during last year, the present year and the coming year. But I can perhaps assist by mentioning the outstanding figures in the estimates.

ACCOUNTS, 1925-26.

8. The year 1925-26 did not come up to its predecessor, which was one of exceptional prosperity for Railways. Our net gain from commercial lines was only 10½ crores, 4 crores less than in 1924-25. But even so we contributed nearly 5½ crores to general revenues and placed 3½ crores to our Railway Reserves. These figures are a slight improvement on the estimates at this time last year, the contribution being 17 lakhs more and the reserve fund 34 lakhs more.

REVISED ESTIMATES, 1926-27.

9. While the year 1925-26 showed a falling off from the exceptional prosperity of 1924-25, the present year has unfortunately shown signs in recent months of a further contraction of earnings. The budget estimate of gross receipts for commercial lines was 102.58 and the estimate of total expenditure 92.13 crores, yielding a net gain of 10.45 crores. So far as we can foresee we shall fail to reach our budgetted figure of earnings by some 4½ crores, although we hope to counter this fall in earnings by effecting a saving of 1½ crores in working expenses as compared with our budget estimate. Our total net gain is likely to be therefore 2½ crores less than we budgetted for or 7.75 crores. Deducting the loss on strategic railways we have now to look forward to a net gain of 5.94 crores, compared with 8.71 budgetted for, and instead of being able to add 2.70 crores to our reserves we shall have to withdraw 7 lakhs from those reserves for the purpose of paying the fixed contribution to general revenues.

10. In this connection may I remind the Council of what I said last year as to the need for building up and maintaining adequate reserves. I pointed out that we have to learn by experience what amount should ultimately be required in our reserves having regard to the obligations of the Separation Convention and the unknown obligations of the future. I added "In a year for instance in which bad monsoon conditions might bring with it a heavy set back in earnings without an opportunity of bringing down working expenses to a corresponding degree it is conceivable that the payment of the contribution might make a very heavy call indeed on our reserves". We cannot say that we are having to make a heavy inroad into our reserves, but we have had experience of the combination

[Sir Clement Hindley.]

of a set back in earnings coinciding with the incidence of a contribution based on the results of an exceptionally prosperous year, for the Council will remember that the contribution each year is based on the results of the penultimate year, in this case the bumper year 1924-25. And there is indeed a very slender margin on which to rely for making the necessary amount of net revenue. Our weekly figures of earnings vary from 226 lakhs at the peak period when we are carrying the main crops to 150 lakhs during the monsoon when there is little business. A late crop, a failure to market or the absence of rain at a critical period may easily affect the earnings of a week by a good many lakhs, while a cumulative loss of a few lakhs a week very soon mounts up to a heavy loss in the aggregate. Remembering that this is largely the result of carrying goods and passengers in small quantities and over short distances throughout the country, it will be realised that trifling local losses may become serious in the aggregate.

11. The falling off of about 4 per cent. in our gross earnings to which I have referred extends into almost every sub-division of our receipts. Passenger traffic is expected to bring in 197 lakhs less, of which 126 lakhs are due to lower class passengers. It is true that we had already forecasted and allowed for some decline owing to the reductions in fares which were made, but we have to admit that we under-estimated this decline, and that so far the stimulus applied by the reduction in fares has not counter-balanced the loss to the extent we expected.

12. Goods traffic is likely to bring in 2½ crores less than we estimated. Amongst the main reasons which may be assigned for this I may mention the heavy floods in Burma which dislocated traffic for a long period and caused a loss of some 30 lakhs in earnings, while floods in the Central Provinces and other parts of India also adversely affected traffic. Then we have had an unsatisfactory cotton crop, particularly in the Punjab and a late movement of cotton elsewhere. These causes are reflected in the earnings of the Great Indian Peninsula Railway, Bombay, Baroda and Central India Railway, and North-Western Railway. The groundnut crop has been severely damaged in some parts of South India owing to the failure of rain, and there are other crops in different parts of the country which have been adversely affected by unusual climatic conditions. The almost universal incidence of the decline in earnings has in fact given a somewhat depressing aspect to the latter part of what promised at one time to be a normal if not a good year.

13. We have, I am glad to say, been able to secure considerable reductions in expenditure as an off-set to the drop in our receipts. On commercial lines working expenses are 1½ crores lower than the budget estimate, of which nearly 1½ crores is in the cost of operation. Out of this, 64 lakhs represents a saving in the fuel bill partly as the result of cheaper prices and partly due to decrease in consumption. And in this connection I wish to claim some credit for the Railway Board for the efforts made to economise the use of fuel and get better use out of the fuel actually burned. Then we have a saving of about 20 lakhs in administration as compared with our estimates and a similar saving in repairs and maintenance. On the other hand, there is a slight increase in the surplus profits paid to the railway companies under their contracts and which depend upon the results of working of a previous year.

14. The point which I wish to emphasise in connection with this failure to reach our estimates is that there is no change in the amount received by General Revenue. Last year in presenting the Budget I referred to certain definite benefits that had resulted from the separation of Railway Finances, one of the outstanding measures of reform associated with the present railway policy of Government. Those were perhaps indirect benefits, but this year we have a clear illustration of the value of the main benefit for which separation was primarily designed. In a year where we have a severe contraction of earnings amounting to nearly 4 crores we are enabled to pay without any variation the exact contribution promised to Central Revenues under the Separation Convention, we have had to apply no retardation to the normal expenditure on renewals, replacements and improvements, and we have not had to take any special or emergent measures to reduce expenditure or to interfere with our settled programme of works.

15. As compared with former practice this represents a very material advantage, for in the past there are many instances of a falling off in railway earnings in the latter months of the year being followed by a sudden restriction of expenditure in the interests of general revenues. Such a restriction could generally only be put into practice by slowing down renewals, such as relaying or rebuilding of rolling-stock, or stopping improvement works, such as the remodelling of marshalling yards or strengthening of bridges. In such cases not only did the railways lose the benefit of such expenditure as had been planned, but there were secondary results in the inflation of stores balances and other temporary additions to unproductive capital. The cumulative effects of such interference with programmes of work were one of the causes of the former unsatisfactory conditions on railways and the public, the Railway Administrations and the general tax-payers have reason to be thankful for the deliverance from these conditions.

16. In a nutshell this is then our position this year. We expect to obtain a net gain of 594 lakhs, and, as this is not sufficient to meet the payment of 601 lakhs that we are to make to general revenues, we have to withdraw about 7 lakhs from our reserves. We should have been glad to have done better, but we have not had as good a year as we hoped, and no one likes to trench on his reserves. But I do not want the Council to think that I see any reason for despondency. What are the exact facts? In 1924-25, the year on whose working we are now paying the contribution of 601 lakhs, we were able to place over 688 lakhs to our reserve; in effect we are merely withdrawing a small sum of about 7 lakhs from the amount then put in in order to meet a liability which we then incurred. But though fortune has not been too kind to us this year, we have not done by any means too badly. We have earned a profit of 594 lakhs, which is over a crore more than we shall have to pay to general revenues a couple of years hence on the results of the current year's working. I suggest to the House that is not an unsatisfactory result for a year which has not been too favourable.

BUDGET ESTIMATE, 1927-28.

17. For next year 1927-28, we estimate gross receipts on commercial lines at 100.40 crores and total expenditure at 91.47 crores. If these estimates prove correct, we shall have a gain from commercial lines of 8.93 crores, and after deducting the loss on strategic lines 7.10

[Sir Clement Hindley.]

crores. The contribution to general revenues based on the results of 1925-26 is 5.48 crores, and we therefore have the prospect of transferring 1.62 crores to railway reserves.

The traffic earnings for commercial lines have been estimated at about 2 crores more than in the current year, while we are budgetting for an increase in working expenses of only about 8 lakhs more. On the other hand, interest charges grow year by year and must be estimated at 1½ crores more next year than this.

In the estimate for gross earnings allowance has been made for the further reduced fares recently announced as well as their probable effect in stimulating traffic, the additional mileage opened in the current year and to be opened next year, and, lastly, the expectation of a fair average year for goods traffic. Obviously such abnormal occurrences as the floods in Burma cannot be provided for in estimates, but such information as is available at present as to the probability of production does not lead to the view that there should be any serious falling off in traffic, and we are perhaps justified in assuming that the re-establishment of normal trade conditions in Great Britain will react favourably on business generally in India.

18. On the side of expenditure we are budgetting for a reduction of 10 lakhs in administration as compared with the current year's estimate. Although we have to meet increased charges due to the operation of time scales of pay and other normal increases and have to face certain additional expenditure in the reorganisation of the Stores and Medical Departments, we expect to be able to reduce expenditure appreciably by more economical methods of handling administrative subjects. The cost of operation, in spite of the increased mileage, is estimated at about a quarter of a crore less than in the current year, mainly because we have fortunately been able to place our contracts for coal at more favourable rates than last year. Maintenance charges will be more by 10 lakhs owing mainly to increased mileage, and depreciation has a normal increase due to the addition to capital assets in respect to which the fund is established.

Capital Expenditure, 1926-27.

19. We estimated our capital expenditure during the current year at 26 crores, and our latest advices indicate that we shall in all probability have to meet an additional crore on this account. This is the first time for a good many years that we have been able to make as rapid progress on approved schemes as we estimated and indicates both that our methods of estimating have improved and that the organisation for carrying out these schemes has been brought into a more satisfactory condition. As I explained last year we did not propose to restrict expenditure on sanctioned works, and we accordingly authorised the Agents to spend as much on approved capital works as was economically possible during the year. This meant authorising a total capital expenditure of 34.58 crores during the year, while our estimate based on past experience of the vicissitudes and delays which accompany this work was placed at 26 crores only. Of the sum of 27 crores which we now expect to spend, just over 4 crores represents the purchase price of the Delhi Umballa Kalka Railway, 21 lakhs has been incurred in taking up new issues of share capital of certain branch line companies in which Government is financially interested in order to replace loans by share capital to our financial

advantage. And of the balance 6.47 crores is the expected expenditure on new lines and 16.31 crores on open line works. The former is less by 9 lakhs than our estimate; the progress on some lines has been retarded due to certain unavoidable causes, such as the late supply of materials, delays in land acquisition, and in one case to the unhealthy conditions under which construction work had to be carried on. But we have been able to speed up the rate of construction on others. The progress on open line works has been somewhat more rapid than we expected, a fact which, in view of the earlier benefits to be derived from the works of improvement contained in the programme, is a matter for satisfaction.

Capital Expenditure, 1927-28.

20. The total expenditure included in the approved programme for next year is 39.77 crores. This amount as in previous years we propose to authorise in order that no avoidable delay may take place in any of the individual works which are considered necessary. But we have to consider the spending capacity of our organisation, and we do not, therefore, feel justified in asking for a larger actual grant than 25 crores which, disregarding the purchase price of the Delhi Umballa Kalka Railway, is an advance of 2 crores on our expected expenditure of this year. Of this amount, 7.62 crores is to be allotted to new lines and 17.38 crores for open line works.

The Budget Memorandum and the separate pink books for each railway administration give full details of the open line programme working up to 24.77 crores, against which we anticipate expenditure of 17.38 crores. Of this amount, 19.41 crores is for improvements of open line facilities. The larger items comprised in this sum are 3 crores for improvement of rails and sleepers, 2.87 for remodelling of station yards and marshalling yards and 3.58 crores for electrification. In addition to the more general improvement works having as their object the more expeditious and economical working of traffic I may add that no less than 2½ crores are allotted for the improvement of the standard of comfort for lower class passengers, such as water supply, waiting-rooms and halls, refreshment rooms, booking arrangements and sanitary arrangements, and improvements to coaching stock.

The expenditure to be authorised on rolling-stock amounts to 8½ crores, of which about 2½ crores will come from the depreciation fund. Of the capital portion about 2¼ crores is for additional rolling-stock. The programme provides for the construction of 636 coaching vehicles, of which 552 are lower classes carriages and a small provision of 796 metre gauge wagons. For reasons which I will explain later we are making no provision for the purchase of new broad gauge general service wagons either as additions or on renewal account.

New Lines.

21. For new lines we are providing 7.62 crores although the amounts included in their programme by the Agents add up to nearly twice this figure. Last year I explained the measures we were taking in order to speed up the programme of new construction, and I gave an account of the construction work in progress and the lines under examination. During the current year we have been able to make a distinct advance in organising a programme of future work and have arrived at certain decisions of a technical nature which will simplify the preparation and execution of new

[Sir Clement Hindley.]

construction projects. We have also had the benefit of the regular procedure devised for the periodical consultation with Local Governments regarding the local needs for new communications. Dates have been fixed for the receipt by Agents of the Local Governments' recommendations, for the submission of programmes to the Railway Board by Agents, for discussion with the Railway Board and for the final settlement of the programme and we have thus ensured a full and thorough annual re-examination and revision of the programme which covers the work of survey and construction over a period of five years.

22. In the documents accompanying the Budget we have made a special feature this year of the systematic presentation of all available information regarding various projects included in the programme. The Budget Memorandum is accompanied by a map of India showing in different colours the new lines under construction, the lines proposed for construction and the lines to be surveyed, and in the pink books for each railway will be found not only a map showing the area referred to in the programme, but also a diagram showing how it is proposed to tackle the various survey and construction jobs to be undertaken in the next few years.

23. In deciding whether a new line should be constructed or not it is necessary, as the Council will recognise, to be satisfied by careful estimates that the net earnings will be sufficient to pay interest charges on the capital invested. But whether this result is achieved depends a great deal on the standard of construction adopted and the correctness of the estimate of earnings. It has generally been the practice to vary the standard of construction to suit the expected traffic but, after a careful consideration of the possibility of reducing first costs by adopting lower standards, the Railway Board came to the conclusion that within certain limits it would be possible generally to adopt such a standard for any particular line as would give an adequate financial return on the capital cost. They have accordingly drawn up specifications for lines of different standards to suit different traffic requirements, and it is now possible after ascertaining the probable earnings to decide on the Standard of Construction to be adopted in order to ensure an adequate return on the capital cost.

In drawing up these specifications we have, after a very careful examination, relaxed to some extent the restrictions in regard to the loads which may be carried over certain sections of rails and have for branch lines permitted a lower standard of equipment and facilities to be adopted. This has rendered it possible to undertake the construction of some branch lines which under the former rules would not have been possible.

24. And now as the result of this work of preparation, examination and consultation, we are able to put forward a concrete programme of construction work which has within it the promise not only of an early considerable addition to the mileage of railways, but of steady additions year by year for a good many years to come.

25. It is worthy of note that in this active policy of new construction we have been receiving the closest co-operation and assistance from the Local Governments. Evidence of the interest taken in our progress by these Governments is found in the many instances in which the commencement or completion of a new railway has been accompanied by a ceremony at which the Governor of the Province has presided at the invitation

of the railway administration concerned. For instance, H. E. the Governor of the Punjab attended the commencement of the Kangra Valley Railway on May 8rd, 1926 and on December 21st, 1926 he opened the Shahdara Narowal Railway for traffic. This railway 49 miles long was built in about 10 months which constitutes an example which I hope will be followed elsewhere in India. Then H. E. the Governor of Bengal opened the Krishnagar-Nabadwip Ghat Railway on 30th June 1926, and H. E. the Governor of Madras opened a portion of the Shoranur-Nilambur Railway on the 3rd February. Other instances of this interest and co-operation are to be found in the opening of Lucknow station by H. E. the Governor of the United Provinces on 13th December 1925, the opening of new Bassein Bridges on the Bombay, Baroda and Central India Railway by H. E. the Governor of Bombay on 22nd January 1927 and the opening of the new broad gauge line from Parbatipur to Silliguri by H. E. the Governor of Bengal on 1st October last year.

I should like to say how greatly the Railway Board value this assistance and recognition of the use of our work in the development of the Provinces of which this interest shewn by the Heads of the Provincial Governments is evidence. And in this connection I should like to mention specially the case of Burma where we have had the most valuable assistance from the Local Government in working out our programme and speeding up construction of lines primarily with the object of developing the backward areas of the Province. We shall have altogether in that province some 650 miles under construction during the ensuing year out of a total programme of 1,620 miles. We have also under special consideration proposals for an extension into the southern districts.

26. The position as regards construction during the coming years may be summarised as follows: After opening 338 miles of new railway in the current year we expect to have under construction during 1927-28 about 100 new projects costing about 60 crores and amounting to 4,640 miles. The completed mileage during the coming year is expected to be just over 900 miles of lines included in our budget and about 1,000 miles if other lines are taken into account if reasonable progress is assured and no serious drawbacks occur. It would perhaps be out of place to forecast any further, but if our present quinquennial programme does not come in for very drastic revision either for financial reasons or other difficulties, there is no reason to anticipate any serious dropping off from this figure of 1,000 miles as the rate of progress for several years to come.

27. We have been faced with the necessity for building up an organization of Engineers to take charge of this programme of construction and the task has been rendered more difficult by the facts that for many years little or no construction has been undertaken and the number of men with experience of this kind of work was very few. Further, the improvement works on the open lines have been a sufficiently heavy burden for our permanent cadre and it has not been possible to take away many Engineers from it. We have however succeeded in making a beginning and special construction branches have been formed on the larger railways.

28. The graphic presentation of the programme in the budget papers will I hope prove of interest. One outstanding feature will no doubt strike those who study the plans and diagrams, and that is the absence of any very ambitious proposals for the building of new trunk lines. And this opens up an interesting study in railway geography which tempts me to take up more time than the Council would patiently allow me. India

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is however well served by main trunk lines, and the railway map shows that these trunk railways follow the outlines of India's railway system laid down in Lord Dalhousie's note of 1853. He foresaw a system of trunk lines connecting the interior of each Presidency with its outlying portions and the several Presidencies with each other. This scheme was to include a trunk line from Calcutta to Lahore, another from Bombay to the North West of India, another from Madras to Bombay and a fourth from Madras to the Malabar Coast. Building on that main skeleton a large number of subsidiary trunk lines have been added from time to time and there are now only a few gaps left in the main net work. The important gaps still to be filled are not in fact more than 4 or 5, and of these three are in progress, namely, the Central India Coalfields Railway which will cross the gap lying between the East Indian and Bengal Nagpur Railways in Chota Nagpur and the Central Provinces, the Raipur Parvatipuram line which will complete the link between the Central Provinces and the East Coast, and the Kazipet Bellarshah Railway being built by H. E. H. the Nizam's Government which will effect a saving of some 200 miles in the journey between Madras and Northern India.

29. There are two other main trunk routes to be constructed before it can be said that the main net work of trunk lines is completed, one is the Bombay-Sind connection and the other is the Broad Gauge connection between Karachi and the United Provinces. The former because it is to some extent short-circuited by an easy sea-route has never been considered a very promising undertaking from the financial point of view, but I believe that its construction will become a matter of some importance as the effect of the contemplated extensive irrigation operations in Sind is felt in increased production. We are, therefore, having its financial prospects re-examined, and in order to complete our knowledge of the topography of some of the uninhabited country which has to be crossed we are having an aeroplane survey undertaken shortly.

As regards the broad gauge connection between Karachi and the United Provinces, we do not feel that the time is ripe for undertaking the expenditure involved. The two reasons are, firstly, that there is already a metre gauge connection, which is not seriously overstressed with traffic and secondly, that there is greater need for using such funds as are available for remunerative branch and feeder line elsewhere. I might perhaps add to this category of main lines the proposed connection between India and Burma regarding which a recent investigation of the possibility of a more favourable route through the Arakan mountains has proved unfruitful, and we are therefore left with the two routes formerly surveyed neither of which can be regarded as remunerative proposals.

30. The key note of the programme we are now working to is the filling in of the interstices of the net work of trunk lines with useful branches and feeders so that the benefits of railway service may be brought right to the doors of the agriculturist and the rural population. It will be seen that omitting the two main connections I have already referred to, namely, the Raipur-Parvatipuram line and the Central India Coalfields Railway, we have in our programme nearly 100 projects which average not more than 49 miles apiece and the longest of which is about 100 miles. These are in fact lines designed primarily to serve the interests of the agriculturist and to enable produce to be moved and marketed. Our programme may in fact be described as an agricultural railway programme. But to

fulfil this character it has been necessary to devise cheaply constructed lines, because construction to the standards to which we have been accustomed would have meant either that we did not get a fair return on our capital or that we imposed an insupportable burden on the carriage of produce and passengers in the very places where we wished to encourage traffic. Whether these new lines with their low speeds and low standard of amenities will escape severe criticism remains to be seen, but if they are successful, they will pay for gradual improvement up to the standard of the older lines, and in the meantime we shall have to steel ourselves against criticism.

Standardisation.

31. One of the advantages of adopting lower standards for branch lines is that we are thereby enabled to utilise material such as rails, girders and rolling-stock released from renewals and improvement work on main lines and in some cases it may prove financially sound to expedite or even anticipate renewals with this object in view. But to be on safe financial grounds it is necessary to have definite criteria to work in regard to schemes of improvement and renewals on main lines. This is a matter to which the Railway Board have paid concentrated attention during the past few years, and it is intimately connected with the much wider subject of standardisation. The main object we have in view is to reduce operating costs, and it is recognised that we must therefore aim at heavier train loads and larger carrying capacity of individual vehicles. The efforts in this direction in the past have been hampered by a lack of co-ordination, for locomotives have been improved, larger wagons, stronger bridges and heavier rails adopted without any accurate scientific relation between the standards ultimately aimed at. We have now established permanent Standing Committees of our own expert officers to deal with Locomotive Standardisation, Carriage and Wagon Standardisation, Bridge standards, Track standards and Signalling and Interlocking standards.

The work already done by these Committees is of remarkable value and has enabled us to draw up with confidence the standard specifications I have already referred to. We now know with a certainty based on the most accurate scientific investigation that with locomotives to haul a certain load, with wagons of a certain carrying capacity we need rails of a certain section and bridges designed of a certain strength. We can consequently examine any particular section of the line and assess with accuracy the improvement works required to bring it up to a certain standard of carrying capacity.

Bridge Design.

32. The work of the Bridge Committee has perhaps been of the most importance and here we have been assisted by the results of many years' experiment and scientific work in India, Great Britain and America. The work of laying down the principles of bridge design in compatibility with the complicated stresses produced by a moving train is still far from complete, and an eminent Committee of scientists is still examining the problem in Great Britain. But for the present the Railway Board felt that the degree of fineness in these calculations already reached was sufficient, for present practical purposes, to enable us to adopt certain formulæ, and these have been embodied in revised rules for bridge design.

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which we have just issued. The importance of this work lies in the fact that for our present loads and those we can foresee in the early future, not only can we design more cheaply but many of our existing bridges, which were thought not to be of sufficient strength, can remain without renewal or strengthening for many years. The investigation of existing bridges on the basis of the new formulæ will take some time, but it is safe to say that the expenditure on bridge renewals and strengthening in order to attain the same standards as we were aiming at will be substantially reduced in the long run.

Locomotives.

33. Last year I mentioned the steps taken towards standardisation of locomotives. The sample engines to the new standard types have been under construction in England during the year and the preparation of complete detailed drawings has proceeded side by side with manufacture under the supervision of our Consulting Engineers. It is expected that the first engines for trial will be received in May this year. To meet the requirements of certain railways a few additional engines of these types will be ordered during the coming year, but until the new models have been tried out it is not intended to order any large quantity, and in fact there are many factors operating which have the result of rendering surplus a certain number of engines of particular types on some of the railways. Amongst these factors are the reduction of the time taken for repairs in workshops which I shall refer to later and the gradual introduction of a system known as pooling or double crewing. Up till recently it was the practice in India as well as in most other countries to assign a particular driver and crew to a particular engine. It was found in fact that after an average turn of work while the crew needed rest the engine needed certain attention, such as minor repairs, cleaning, oiling and coaling with the result that the engine worked only those hours in the 24 of which a human being was capable. Improvements in design and in the methods of handling have led to the possibility of engines doing more continuous work than this, and during the last year many experiments have been made of changing the engine crew after certain lengths of run instead of changing the engine. There are certain practical difficulties to be overcome before this is universally adopted and it has yet to be ascertained what is the maximum distance which an engine can work over regularly without shed attention. But remarkable results have already been obtained. For instance it has been found possible to work the Lahore Karachi mail train, a distance of about 900 miles, with only one change of locomotive, whereas formerly there were six changes; and so we save 5 engines and effect a considerable economy in coal consumption. This practice as it is gradually introduced will result in a saving of engine power and in the present requirements of traffic being met with fewer locomotives. We do not overlook the fact that more continuous use will mean a shorter effective life for the engine, but the balance of financial advantage appears to be in making more intensive use of the equipment with a possible earlier replacement. Until therefore we are in a position to demonstrate that the new standard engines give so much better service than the old that rapid replacement should take place we are not likely to require to purchase any large number of engines either as additions or renewals.

Wagons.

34. This line of thought brings me to the question of wagons. We were led early last year to make a scientific analysis of the problem of the number of wagons required normally to move a given volume of traffic in the year, and we found irrefutable evidence that the measures we have taken to speed up movement and improve methods of handling were beginning to have a much more rapid effect than we had ever been sanguine enough to hope for. For many years past one of the gravest criticisms of railway management in India was based on the complaint of "shortage of wagons". Public pressure brought to bear on Government and the managements had been directed towards greater allotments of funds for the purchase of wagons, and it was only slowly recognised that the inadequacy of wagon supply at consignment points was a symptom not of inadequate wagon stock but inadequate facilities for handling wagons and trains.

It has now become clear that if more money had been allotted for such work the shortage would have disappeared and in fact as soon as the effect of the more generous allotment since 1920-21 began to be felt in improved marshalling yards, line capacity and train speed, it was found that fewer complaints about shortage of wagons were heard. Although these works had been designed with this object in view and had been pressed on Government as of vital urgency for many years by various railways (a movement in which I myself in another capacity took a part), no one seems to have been bold enough to believe that their execution, or even partial execution in some cases, could have had so rapid effect as to produce an actual surplus of wagons at the period of peak traffic. Yet this is what has happened and we can only conclude that there has been at the same time a very extraordinary joint co-operative effort on the part of all those on the railways concerned in the movement of traffic.

35. The Railway Board perhaps cannot altogether escape criticism in that up to a comparatively recent period this new development was not expected to materialise so rapidly and that we were even a year ago contemplating some necessity for addition and renewals of wagon stock. The reason was, however, that our new reliable statistics, which help us to watch matters of this kind, had only been established in 1924 and there was insufficient accurate evidence on which to form conclusions. The fact, however, has now got to be faced that we shall not have to purchase any new general service broad gauge wagons either as additions or renewals for next year and most probably for the year after as well and perhaps for some years thereafter. With all due sympathy for the people who have been expecting orders to build wagons we should be rightly charged with hypocrisy if we did not regard this great saving of public money with considerable satisfaction.

36. I should perhaps mention that as in the case of locomotives our Standardisation Committee have designed certain improved types of wagons for general service which we shall adopt when and as it becomes profitable to renew some of our older stock, and samples of these new types are being built in England under the supervision of the Consulting Engineers who are also preparing the accurate working drawings of each type which are necessary in order to establish the principle of complete standardisation in regard to future supplies of these wagons.

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Workshop Reorganisation

37. In speaking of locomotives I mentioned the reduction in the time taken for heavy repairs. This also applies to wagons and coaching vehicles, and apart from its obvious effect on the numbers of locomotives and vehicles available for service the changes effected or which will shortly materialise will have an effect on costs which it is not yet possible to assess. Briefly it has been found possible by adopting certain methods to do the heavy repairs to a locomotive which formerly took on the average 140 days in something like 50. Whereas wagons were frequently in shops for 50 to 60 days it has been proved to be possible to do the necessary repairs in 8 days. Coaching vehicles which were formerly 70 days under repairs can, in some of our workshops, now be completely overhauled in 28 days. This is the result of better laid out and equipped workshops and of applying the principle of what is commonly known as "mass production" to repair work. As a method of manufacture this was evolved during the stress of war work, but its application to repairs is a new discovery, and if the Indian Railways cannot be credited with this discovery, we are at any rate amongst the earliest pioneers in putting it into practice. The method has for its objects:—

- (1) the correct sequence of repairs to component parts,
- (2) the balancing of workshop operations,
- (3) the concurrent working of the various labour gangs.

I cannot without becoming too technical go into further details, but I may say that it has rendered many of our time-honoured workshop methods completely out of date. It was a realisation of the possibilities of this method, already introduced into one of our workshops, which led the Railway Board to obtain the services of the expert Committee to inquire into State Railway Workshops last cold weather.

38. The report of that Committee in so far as it recommends the reorganisation of our workshops is now being made the basis of our workshop policy. It has led to the closing down of certain workshops which are both out of date and badly located, to the modification of the designs for remodelling some of the workshops and to the remodelling of others which require adaptation to the new methods and to fit them for the heavier vehicles we now use. I am aware that the report contains much severe criticism, and that this has been made, in some quarters, the text for an indictment of railway management in India generally. But all I have to say is that we asked for this criticism and were glad to get it and are not afraid of it. We knew that in the light of experience gained in Great Britain and other countries we required modernisation, and we were anxious to let that light into our operations. We should, I think, have been rightly charged with dereliction of duty if we had not had the courage to lay bare the whole of our business to the expert and critical eyes of those whose knowledge was greater and more extensive than ours could be.

39. To effect a universal improvement in all our workshops on the same scale as I have indicated will take time and the expenditure of some money, although the outlay will be considerably less than it was originally anticipated that we should have to spend on modernising some of our workshops. And although we have already begun to benefit from the new process, particularly in the time factor, it will be some time before the measures now in hand to obtain the full benefit of reduction in costs can

be entirely productive. A beginning has been made, however, and as we have placed Mr. Wrench, a member of the Committee, on special duty in order to put the recommendation of the Committee into practice in the State Railway Workshops, we hope to make considerable progress in the coming year.

Recruitment of Staff.

40. The regulations for the recruitment in India of officers to most of the branches of railway service have been finally settled and were published in July last. For some of the less important branches regulations are nearly ready for issue and will be shortly published. The regulations are designed to carry out the decision of Government, adopted on the recommendation of the Lee Commission, to improve the facilities for training in India as rapidly as possible so as to permit of recruitment of 75 per cent. of vacancies in India. The publication, much to the relief of myself and my colleagues, marks the termination of such patronage as was exercised by the Railway Board in the past, for the preliminary selection of candidates for recruitment is now done by Provincial Committees, the final selection being made by the Public Service Commission as the result of a competitive examination. The regulations have been drawn up with the sole object of securing from the human material available the recruits best suited to the various branches of railway service, and the Railway Board hope that with the subsequent training which they will receive in practical work and at the Transportation School will result in the building up of a strong and efficient service in no way inferior to their predecessors.

41. Another aspect of recruitment is worthy of mention. I have referred to the difficulties involved in building up an organised staff to deal with the new programme of surveys and construction. Although we are planning construction for 5 years ahead and can in fact arrange our operations so as to employ a large staff continuously for that period, we should not be justified in looking further ahead than that nor in regarding a construction programme on this scale as a permanent feature of our future railway programme. We cannot, therefore, increase our permanent engineer staff by the number required to do this work, for we should thereby run the risk of having to terminate prematurely their services if at any time the programme had to be stopped or slowed down. To meet the difficulty we have had to do a considerable amount of recruitment on a temporary basis. We have engaged on one year's contracts such engineers as were available in India, after prolonged search and frequent advertisement, and we have also been able to obtain some trained engineers from England, both European and Indian, on 3 years' covenants. But we felt that the practical training which can be obtained on construction work is of great value to any engineer whether he is going to be a railway engineer hereafter or not, and we have therefore arranged with effect from last year to take on, on State Railways, 17 engineering graduates yearly for practical training for one year. Of these 9 were taken from engineering colleges in India and 8 from those who had gone to Great Britain for their degrees. While we can offer to these men no definite hope of permanent employment, for recruitment to the permanent service must follow the lines laid down in the regulations I have referred to, we feel that they will be benefited by this training, and we shall be building up a reserve of practically trained men on whom either the railways or other public works may be able to draw in time of need.

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Travelling without Tickets.

42. The question of fraudulent travelling has received concentrated attention during the past year. It was at first thought that no relief from this constant source of loss of revenue could be obtained without recourse to legislation in order to make travelling without a ticket a cognisable offence. It was decided, however, after consulting the Central Advisory Council for Railways to defer such action until all other possible remedies had been tried. Further efforts on improved lines have been made however resulting in the detection of large numbers of cases and the recovery of considerable sums of money which indicate the possibility of keeping the evil in check if it may not be possible to eliminate it altogether. The most promising of these efforts has been the introduction of a system whereby a ticket checker travels on every carriage, under the constant supervision of an Inspector, and prevents the entry of passengers into the carriage unless tickets are held. On one portion of the East Indian Railway where this has been tried there have been satisfactory results in improved bookings and the instances of passengers travelling without tickets have been reduced to negligible figures. The method involves some expenditure and at first came in for a good deal of criticism from the travelling public. We are awaiting a report from the Agent, East Indian Railway, before considering whether the system cannot be beneficially introduced more widely.

Compensation Claims.

43. The measures taken to reduce the large payments on account of claims for compensation for goods lost or damaged on railways have met with considerable success. The question of the heavy increase in the amounts of these claims during and after the war was one of those matters which engaged the attention of the Inchcape Committee. Both before and after this the Railway Board made very special efforts to reduce the amount of claims. The reorganisation and improvement in the watch and ward staff on railways, the improvement in the lighting of station yards and sheds, the adoption of a system of locking or rivetting wagons on all railways, surprise check of wagons at stations *en route* and, above all, stricter supervision over goods sheds and the loading and transhipping of goods, were among the methods adopted for reducing losses and thereby claims for compensation.

44. As a result of these measures the total bill has been steadily and rapidly decreasing. In the year 1922-23, the total payments amounted to 120 lakhs. It dropped to 79 lakhs in 1923-24 and 57 lakhs in the following year. In 1925-26, which is the latest year of which accounts are available, the total amounted only to 29 lakhs, while the estimated payments in 1926-27 and 1927-28 are only 19 and 20 lakhs, respectively. These figures are less than the total paid in 1913-14, namely, 26 lakhs, in spite of the fact that there has been a considerable increase in traffic carried as compared with 1913-14. The percentage of claims paid to goods earnings was about one-half of 1 per cent. in the pre-war period, but went up to more than 2 per cent. in 1922-23. It came down again to about one-half of 1 per cent. in 1925-26, while the percentage in 1926-27 and 1927-28 is expected to be only about 1/3rd of 1 per cent. and thus shows a substantial improvement over pre-war figures. Looked at as

evidence of the increased care taken by Railways of property in their charge these figures I think show a satisfactory record.

Publicity.

45. The application of publicity work to the business of attracting new traffic to the railways has received increased attention during the current year, and we are planning to extend our operations in the near future. For some time past the Great Indian Peninsula Railway has been organising propaganda with a view to assisting and encouraging tourist traffic from abroad. This work was at first undertaken in Canada and the United States through the agency of the Canadian Pacific Railway, but has now been extended on behalf of all the State-managed railways, and we have been able to make mutual arrangements with the railways of Great Britain for the interchange of advertising space and material for advertisements and publicity work. No great expenditure is involved, but the success of the work depends on intelligent organisation. The traffic brought to the railways from these efforts is already considerable and has fully justified the efforts made. We are also taking up the more important side of this subject in publicity work in India itself, directed towards the encouragement of travelling and bringing to the notice of the public the services which the railways can render in the transportation of goods and produce. This work is being assisted by travelling cinemas on the State Railways which show films of Railway interest and attract large audiences. In addition to films of purely railway interest we have had films prepared on agricultural subjects, which it is hoped will have an educative effect on the cultivators and give them information about improved methods of agriculture. The connection of this work with railway business is through the stimulus which it is hoped will be given to railway traffic from improvements in methods of agriculture.

The organisation of all this publicity work takes the form of a publicity office on each State-managed railway co-ordinated by a Central office in Bombay, which is now being formed. The work is an essential part of the commercial side of railway business, and while many of our railways have reached a fairly high standard in the matter of advertising material produced, there is still a wide field of work in reaching the illiterate masses and enlightening them in regard to railway facilities. We hope to make a definite move forward in this direction with the organisation I have mentioned.

Accounts.

46. I mentioned last year that our railway accounts were to be subjected to expert examination with a view to adapting them on a commercial basis for the use of the administrative and executive officers engaged in the control of railways. This work is now in process, and Sir Arthur Dickmison, a very distinguished and experienced accountant, is engaged with his staff in visiting the various railways and investigating the present accounting system.

In dealing with statistics and accounts, greater use is continually being made of calculating machines, and an interesting development has been the experiment made during the past year on simplification of the division of freight accounts between different railways. The experiment has resulted in the discovery of a new and much simplified method of doing this work, and it has been decided to apply this method to the settlement of accounts

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between the various State Railways in a Clearing Accounts Office. This will result in considerable savings in expenditure as the new method is gradually introduced, but will also effect savings in time and is accompanied by great accuracy. It is probable that as the new method becomes established, the Company-managed railways will wish to have their accounts dealt with in the same way, and we, therefore, have the prospect in the early future of the establishment of a Clearing Office for all railways.

CONCLUSION.

47. I trust I have not wearied the Council with this recital of the railway position as viewed through the medium of our Budget papers. I have tried to give a review of our business in the short time available and have necessarily had to leave out a great many matters which are of public interest, and perhaps of particular interest to this Council. But I hope I have said enough to show that our general financial position is sound, that years of poor earnings like the present do not deter us from holding a sturdy optimism regarding the future, and that that optimism is a live factor in inducing us to look out for more business and to keep our costs down to the minimum compatible with efficiency. The record of the past few years has been one of great concentrated effort towards improvement, and although we have to acknowledge that in many directions we have not yet got the best out of our railways, memories must indeed be short if the changes that have taken place as the result of the combined effort on the part of all railway administrations are not recognised. At this stage perhaps I need only mention the facts that we have definitely overcome wagon shortage, we have been able to make substantial reductions in passenger fares, have met the normal demands of trade for transportation, have commenced an extensive construction programme and, lastly, we have been able to pay our fair interest charges and the agreed contribution to general revenues while making regular financial provision for the renewal of wasting assets. In the great work of steadily improving efficiency and introducing economies, the Railway Board have to acknowledge the wholehearted support and co-operation of the Agents, officers and men of the various railway administrations, and I take the opportunity of bringing to the notice of this Council the very valuable services which this large body of public servants is rendering to the country.

ELECTION OF THE PANEL FROM WHICH NOMINATIONS TO THE STANDING COMMITTEE FOR EMIGRATION ARE TO BE MADE.

THE HONOURABLE THE PRESIDENT: The period up to which nominations for three of the Standing Committees to be selected for attachment to the Departments of the Government of India could be received expired at noon. There have been received for the panel from which the quota of the Council of State on the Standing Committee for Emigration is to be nominated the following 8 nominations:

The Honourable Rai Bahadur Lala Ram Saran Das,
 The Honourable Sardar Shivdev Singh Oberoi,
 The Honourable Mr. V. Ramadas Pantulu,

The Honourable Colonel Nawab Sir Umar Hayat Khan,
The Honourable Mr. P. C. Desika Chari,
The Honourable Mr. Mahmood Suhrawardy,
The Honourable Sir Phiroze C. Sethna,
The Honourable Sir Haroon Jaffer.

As the number of nominations is equivalent to the vacancies for the panel, I declare those 8 Honourable Members to be duly elected.

ELECTION OF THE PANEL FROM WHICH NOMINATIONS TO
THE STANDING COMMITTEE FOR THE DEPARTMENT OF
INDUSTRIES AND LABOUR ARE TO BE MADE.

THE HONOURABLE THE PRESIDENT: For the Standing Committee for the Department of Industries and Labour there are 6 nominations and, as there are also 6 vacancies, I declare the following Honourable Members to be duly elected:

The Honourable Rai Bahadur Lala Ram Saran Das,
The Honourable Mr. P. C. Desika Chari,
The Honourable Sir Phiroze Sethna,
The Honourable Sir Arthur Froom,
The Honourable Sir Maneckji Dadabhoy,
The Honourable Sir Haroon Jaffer.

NOMINATIONS FOR THE PANEL FOR THE CENTRAL ADVISORY
COMMITTEE FOR RAILWAYS.

THE HONOURABLE THE PRESIDENT: For the Central Advisory Committee for Railways, the following 9 nominations have been received:

The Honourable Mr. Mahmood Suhrawardy,
The Honourable Rao Sahib Dr. U. Rama Rau,
The Honourable Rai Bahadur Lala Ram Saran Das,
The Honourable Mr. P. C. Desika Chari,
The Honourable Mr. V. Ramadas Pantulu,
The Honourable Sir Dinshaw Wacha,
The Honourable Sir Arthur Froom,
The Honourable Sir John Bell,
The Honourable Mr. Shah Muhammad Zubair.

As there are 9 nominations and 8 vacancies, an election is necessitated in this case and will take place at the meeting of Tuesday, the 22nd February.

The Council then adjourned till Eleven of the Clock on Monday, the 21st February, 1927.