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THIRD LEGISLATIVE ASSEMBLY, 1928



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Legislative Assembly.

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LEGISLATIVE ASSEMBLY.

Wednesday, 22nd February, 1928.

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

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

Secretary of the Assembly: Sir, in accordance with Rule 25 of the Indian Legislative Rules I lay on the table the Bill further to amend the Indian Securities Act, 1920, for a certain purpose, which was passed by the Council of State at its meeting of the 21st February, 1928.

THE RAILWAY BUDGET—GENERAL DISCUSSION.

Mr. President: The House will now take up general discussion of the Railway Budget. As there is only one day allotted for the general discussion of the Railway Budget, I propose to fix the time-limit and that will be 15 minutes for every speech.

Mr. H. G. Cocke (Bombay: European): Sir, there has not been a great deal of time for us to examine the very voluminous figures and statements made in connection with the Railway Budget this year. We had it on Monday morning and here we are on Wednesday morning expected to have learnt it by heart or at any rate to have studied it sufficiently to enable us to criticise. However, while the Indian Navy was being torpedoed yesterday, I was busily engaged in looking through the figures in connection with the Railways. I am reminded by Mr. Parsons that all these papers were before me earlier and I must admit that as a member of the Railway Finance Committee, I had the privilege of being in possession of the facts and figures at a much earlier date, but I am afraid I was not sufficiently conversant with them to enable me to listen with great attention to the debate yesterday. I feel it is given to few Railway Members in their maiden budget speech to have to deal with such very satisfactory figures as were dealt with on Monday, and I extend my hearty congratulations to the Honourable Member for the facts and figures he was able to produce. I know he will take comparatively little credit for these results. They are the result of many years of very hard work on the part of every one connected with the railway administration, from Sir Charles Innes downwards. But I hope that during the five years of the present Member we may see still greater progress, and when his successor comes to make his maiden speech, I hope that he will have as good a Budget to present as the Honourable Member had on Monday last.

It is very difficult to know, Sir, what to criticise in this Budget. I turn first to the question of *Claims*. One cannot do anything but congratulate the administration on the extraordinary way the figures in connection with claims have come down from 120 lakhs 5 years ago to 15 lakhs

[Mr. H. G. Cocke.]

to-day. The only criticism one could make is, why did it not happen earlier? It is rather remarkable that the claims figure can be brought down from 120 lakhs in the course of 5 years to 15 lakhs, and one is rather apt to criticise by asking why, five years ago, the figures for claims stood at 120 lakhs. I should be told no doubt that steps have been taken during the last five years in connection with the lighting of yards, the development of the Watch and Ward staff and the fencing of yards and that the matter has been remedied in that way, but of course, at some expense. We are not told what the cost to bring about this reduction has been. No doubt, it must be a fairly large figure. However, it is very satisfactory that these claims have been reduced so substantially.

Another point of a similar nature is in connection with *Repairs and Maintenance*. The cost of repairs has come down in a very extraordinary way but I am sure we have not yet reached the end. Take, for instance, the North Western Railway. The average cost of a locomotive repair, we are told, has been reduced from Rs. 14,011 to Rs. 11,612 in one year. There, again, one is rather tempted to say that, although it is a matter for congratulation that this lower figure has been reached, it should have been reached earlier. The whole process of the modernization of workshops is, I think, almost in its infancy in India to-day. We see in the Budget, for instance, that six big schemes are in progress of completion. One is on the Bombay, Baroda and Central India Railway, one on the Eastern Bengal Railway, two on the East Indian Railway, one on the Madras and Southern Mahratta Railway and one on the South Indian Railway. When that workshop modernization is complete, it will save this country crores of rupees. Of that I have not the least doubt. We are greatly indebted to the Raven Committee, however, for what they did and particularly to Mr. Wrench who has rendered great services to the railway administration, services which will re-act for very many years to come. (Applause.)

The next point which one might refer to is the question of *New Construction*. Again, I will speak in the same strain and say that, while it is a matter of considerable congratulation that satisfactory development has occurred in the last three years, looking back one rather criticises the fact that that development did not take place earlier. It will be noticed that on the State Railways the new mileage opened in the three years ending 1925-26 was only 460 miles whereas in the last three years, taking the Budget year 1928-29 as one year, it is anticipated that the total will reach 2,095 miles. We have not yet arrived at the thousand miles per annum which were predicted last year by Sir Clement Hindley, but, at any rate, very satisfactory progress has been made. In that connection, the House is no doubt aware that railway administrations have in the last few years been told to go ahead and spend all they possibly could. The Directors at Simla and Delhi have said that they were perfectly certain that their railway managers would not spend the sums that they (the managers) thought they could. The Railway Board, therefore, made a lump cut from the total but they did not prevent any individual railway administration from spending what they thought they could spend. Well, Sir, the Railway Board scored off the individual railway managers for three

or four years and this year the railway managers have scored off substantially the Railway Board with the result that the amount which the railway administrations said they might spend, the administrations found they could actually spend and it was a great surprise to the Railway Board.

Mr. A. A. L. Parsons (Financial Commissioner, Railways): Question.

Mr. H. G. Cocke: It may not have been a surprise to every one but at any rate it is an open secret that attempts had to be made to curtail to some extent the expenditure in hand. That is not sound business. If you are spending a lakh of rupees a month on a certain project and if late in the year, you are suddenly told to reduce that amount to Rs. 25,000 a month, that is certainly bad business and results in waste. I hope that state of things will not happen again. I know it for a fact that some of the railway managers were placed in a very difficult position towards the end of the year by having to reduce their expenditure substantially although they had been given to understand that they could go ahead and spend all that they were possibly able to spend.

Speaking as one from Bombay, I notice that the Bombay-Sind and the Karachi-Agra proposed railways are referred to in the annual reports. I don't think those two propositions are receiving—I don't say sympathy, but anyhow much financial support from the Railway Board, because it is feared that they will not pay. Naturally the Railway Board cannot sanction big schemes unless they have reasonable belief that the proposals will result in financial success. At the same time I think with an important communication like the Karachi-Agra communication, a certain amount of financial courage is required, and even if a line like that does not seem likely to pay for the first few years, it may be that it would be sound policy to start that communication well in advance of the time when it is likely to pay. It is bound to come, and it has been pressed very hard by the Karachi Chamber and other bodies interested, and I believe an officer has been on special duty going into the possibilities of the success of that line, and I hope that the Railway Board will not look at the figures too strictly but will have a little imagination in the matter.

We always hear the subject of Indianisation mentioned when this Railway Budget is under discussion. I notice with satisfaction several points in connection with that matter, for example, as regards staff quarters, which is to some extent a matter bound up with Indianisation, in that it gives greater facilities and amenities to the Indian staff, I notice that the additional sum to be spent in 1928-29 amounts to fifty-one lakhs of rupees. That is a very satisfactory feature. As regards actual staff, I see from the Railway Report that in regard to the European staff there is a reduction of 5 in 1926-27, whereas the Indian staff shows an increase of 13,000. Some increase is of course naturally expected owing to the new lines opened, but at any rate it should be a matter of satisfaction, I think, to many Honourable Members in this House, that whereas the European staff has been stationary, taking the staff as a whole, the Indian staff shows an increase of 13,000.

On the subject of *Overcrowding* we have heard a good deal in past years, and I should be interested to hear in the course of this discussion to what extent the evil still remains. Very large amounts have been spent on new carriages in the course of the last few years, and I believe the evil is very largely in course of being remedied. There is no excuse now for the

[Mr. H. G. Cocke.]

Railway Board in a matter of that sort. There are ample funds, and the railways are remunerative, therefore it is unreasonable to run trains overcrowded, when by duplicating those trains people can travel in a fair measure of comfort. I yield to none in my admiration of the third class passenger, and I am in sympathy with what he has gone through in the past, and no one on these benches is going to grudge the amount spent on amenities for Indian passengers.

In conclusion I would like to say that I think the railway administration as a whole reflects very great credit on every one concerned. It is in the first instance probably indebted to the Acworth Committee. That initiated the post-war railway reforms. Following that, we had the Retrenchment Committee, which also undoubtedly advanced matters, and then we had the scheme for the separation of railway finance from general finance, which I regard as one of the most successful things which has been achieved since I have been connected with this House. The separation of railway finance from general finance has stopped that horrible mix-up of general and railway figures and Budgets. Railways have built up substantial reserves, and they are run much more on the lines of business concerns than was possible in the past.

As regards the reductions made in fares and freights as a result of the prosperous Budget which we have had presented to us, I congratulate the Honourable Member on the selection he has made. Some might consider that third class fares have received too much attention. When I say that, I do not mean that third class passengers are not entitled to relief. But what I really mean to question is, whether the money spent in that direction might not have reacted more to the benefit of the poor man—whether he might not have been really better off—by reducing some other items of freight. After all, there are thousands of people who never travel in railway trains, and thousands more who do only one journey a year. Whereas by reducing the cost of transit of certain articles, you will probably get the benefit more home to the poor man.

I have nothing more to say. I think the Budget an excellent one and hope we may have many more in times to come.

Mr. N. C. Kelkar (Bombay Central Division: Non-Muhammadan Rural): Sir, I would like to congratulate sincerely the Railway Member on the Railway Budget statement that he has presented to us. I think it is characterised in the first place by a remarkable lucidity and simplicity, which has made it possible for a layman like myself to understand the statement. Secondly, it is characterised by a sense of justice, in the sense that he has given everyone his due. He has given what was due to his predecessors, to his colleagues, to his collaborators and co-workers, and to the Legislative Assembly also. It is also marked by a graceful sense of modesty, which affords a striking contrast with our past experience. (Loud laughter.) I mean it in this way, Sir, that he has tried to discount the good work which he has himself been able to do during the past year, alleging it as his reason that progress had already been made which helped to bring about those good results in administrative matters, and I am reminded of the saying that "one man sows and another reaps". As Mr. Cocke has pointed out, his successors will reap the advantages which the present Commerce Member himself will have

sown during the next five years. Mr. Cocke has said that those who were witnessing and watching the torpedoing of the Indian Navy yesterday had little time to attend to the railway statement. It follows necessarily that those who were busy in torpedoing the Navy had still less time; but making such use of our time as we could, we have devoted a little attention to the Railway Budget statement and as an analysis of that I arrive at the following results.

In the first place we must all congratulate ourselves that the gloomy forecast foreshadowed to a certain extent last year has not been realised notwithstanding the floods and other calamities which overcame the administration. But in this hopeful and happy situation there are certain factors which we must separate, one from the other. First of all there are factors which were beyond the control of the Railway Board and under that heading I may mention first the monsoon, which is always a puzzling factor, but which, when it is on its good behaviour, is a blessing to all of us, high and low, Government and its subjects as well. Then there is the patronage of the passenger world, which of course is not under the control of the Railway Department, but if it is on an increasing scale is a welcome windfall. Then there is the maintenance of the exchange ratio. But this of course has got two sides. One aspect of it is that it necessarily leads to saving on the cost of the imported railway material from England, and we all know that 80 per cent. of the expenditure on railway works comes under the head of materials imported from abroad. So, the new exchange ratio must have necessarily helped the Railway Department a good deal. But I would point out that as against this there is a debit also in that the benefit of the new ratio was secured at the reduction of the inland rupee value of the earnings of the employees of the Railway Department.

Then I turn to the factors which may be said to be under the control of the Railway Department itself. First of all, there is the economy in fuel which has been referred to in the statement. Then there is the larger mobility of rolling stock. Then there is the reduction in the working expenses and better methods of workshop operations. These to my mind stand out as the prominent factors under the control of the department.

Then there are certain factors which are the result of co-operation; they cannot be said exactly to be under the control either of the Railway Department or outside it, but for which the credit may be shared by the Railway Department and the Assembly together. First of all, there is the separation of the railway from the general finances in which both of us co-operated, namely, the Assembly on the one side and the Railway Department on the other; and as the Railway Member has been good enough to state, he has received co-operation uniformly from the Railway Finance Committee as well as this Assembly, which sanctioned many constructive works that were good for the country. I am glad to observe in this connection that the Railway Member has given full credit to the Members of the Assembly for their co-operation; and in doing so he has admitted that even we laymen on this side of the House can make constructive suggestions which are wise in their own way. This admission of the Railway Member has the result, in my opinion, of toning down the high talk of experts.

[Mr. N. C. Kelkar.]

With regard to the reforms actually achieved, the foremost place of course is given to the reduction of railway rates in favour of third class passengers. Mr. Cocke said that too much attention was given to the reduction of railway fares for third class passengers; but I think the exact contrary is the case. I have taken the figures for 1910 and 1926 and a little calculation shows the following results. so far as I have been able to judge them. In 1910 the number of first class passengers was 7 lakhs; in 1926 it was 10 lakhs—the percentage of increase being 148. The earning per head in 1910 was Rs. 8-9, in 1926 it was Rs. 11-10, the ratio of increase being 35. The total earnings from first class passengers in 1910 was Rs. 59 lakhs; in 1926 they were Rs. 118 lakhs or an increase of 200 per cent. as against 148 per cent. A similar calculation for second class passengers shows that the percentage of increase in the number of passengers has been 375. and in the total earnings 243; while the earning per head has fallen from Rs. 2-14 to Rs. 1-14. If I am right in that calculation, there is a distinct fall in the earnings from second class passengers.

Now, taking the third class percentages, the increase in the number of passengers, as between 1910 and 1926, has been 183 per cent., and the percentage of increase in earnings has been 242; the rise in the ratio between these two percentages is 32; and the earning per head of third class passenger has increased from 7 annas to 9 annas, or a rise of 28 per cent. You will therefore see that while there is a slight rise in the ratio of earnings from the first class passenger and a rise in the revenue from the third class passenger, the man who has benefited most at the cost of perhaps both these is the second class passenger. So it will be seen that really the third class passenger has not benefited as much as he ought to have done.

Then there is one more thing which occurs to me and it is this: the reduction in fares for third class passengers begins only at the 51st mile; but when previous reductions were made in the first and second class rates, the reduction took effect from the very first mile, if I am right in making that statement. Now, what is the case about the third class passenger ordinarily? These people do not travel great distances as a rule; they travel small distances from their homes and their journeys in very many cases do not extend beyond 50 miles. That means that these people who undertake only small journeys round about their villages or within their own district, will not be entitled to the benefit of the reduction from the 51st mile. Now, of course I do not want to say that not a single third class passenger will derive that benefit, though on an average the length of journey which a third class passenger undertakes is necessarily within 50 miles. There are third class passengers who journey long distances—say between Calcutta and Bombay or Bombay and Delhi—occasionally; and of course some benefit will accrue to them in the aggregate no doubt; but I have pointed out the special aspect of the reduction and I do say that the reduction of fares for third class passengers has not received as much attention as it should have done.

Then with regard to the reforms to be achieved, I should have certainly expected from the Honourable Member a sort of programme which he has got in view; and I did expect that notwithstanding the sense of his

modesty of which I am aware, and even in spite of the line of poetry with which he ends his statement, I know that a knight ought not to boast when he puts on his armour but when he puts it off; but certainly he could make a programme and a statement of policy; that certainly would not be boasting. I should have expected him to indicate to us the lines on which he proposes to make progress in the administration in the next four years. If I may as a layman be allowed to indicate just a few heads in regard to which we expect reforms at the hands of the Railway Member in the next five years, I shall advert to them as briefly as I can. First of all, there is the question of Indianisation. I am aware of what has been said in the statement about Indianisation, but we want Indianisation not only because it is just to Indians that they should occupy the highest places, but it also leads to economy. I want it from a practical point of view. Take the Tata Construction Company. They carry on their work without employing a single European and I do not really see why the Railway Department should not be able to carry out its work without employing Europeans. I notice the reduction that has been effected in the import of temporary engineers from England. But these temporary engineers will have become permanent I suppose and they will take a senior rank to Indian engineers. Then again the standard of economy set up has yet to be reached. Then there is the question of greater production of railway material in India about which no reference is contained in the Railway Budget statement. Then there is the reduction in extravagance on the lay out and remodelling of yards. It strikes a layman like myself that extravagance of expenditure is incurred in the matter of remodelling stations and yards and specific cases have yet to be proved in which direct actual benefits have accrued to the railway finances as a result of the remodelling of yards and stations. Then there is the question of the better treatment of employees. The Railway Member has been good enough to acknowledge the services of the officers but I am sorry he has forgotten the men. I am not unmindful of what he has done in the matter of the Kharagpur strike. I am always ready to acknowledge his noble impulses, but I should certainly have expected from him a good word for the working people, when he has referred to the work of their officers. Then, lastly, there is the question of the compensation and amends that are yet to be made to the general revenues from the Railway Department on account of the losses that have already been incurred on strategic and other lines and from the guarantee system. Enormous losses have already been caused to the State and I think we must look to the Railway Department to make good the loss in course of time. There are of course differences of practice prevailing in this respect. Germany I am told derives about 34 millions every year from the railway revenue to the State. On the other hand in Switzerland not a single pie is contributed by the railway revenues to the State. But of course reasons vary. Here we occupy a middle position, and I do make a claim on behalf of the general revenues that the Railway Department will be able, at the time of the next settlement of our mutual relations, to contribute a greater share to the general revenue.

Mr. M. S. Sessa Ayyangar (Madura and Ramnad *cum* Tinnevely: Non-Muhammadan Rural): Sir, within the short time at my disposal, I shall briefly bring to the attention of the House four important points. At

[Mr. M. S. Sessa Ayyangar.]

the very outset I am rather handicapped very much by the unreality of the figures that we have to deal with. In the speech of the Railway Member in paragraph 3 he has referred to the fact that his predecessor Sir Charles Innes anticipated that the surplus of receipts for 1926-27 would not be sufficient to pay the railway contribution to the general revenues and that it would be necessary therefore to draw 7 lakhs of rupees from the reserve to make good the deficiency. Actually he found in working out the actuals for 1926-27, that the surplus was higher than the estimate by about $1\frac{1}{2}$ crores and the reserve was increased by that amount. So far as the next financial year 1927-28 is concerned, Honourable Members of this House are aware that there are three different stages when the accounts are made up. We have got the budget estimate. We guessed into the future for 1927-28, as we did last year; and then within three months before the expiry of the financial year we have got another revised estimate, taking into account not the important months, January, February and March, which occur during the end of that year; and this is the revised estimate for 1927-28. So far as 1927-28 is concerned, I find the difference between the revised estimate and the budget estimate to be $3\frac{1}{2}$ crores roughly, and then as regards the net receipts there is a difference of 3 crores and 67 lakhs; and even making allowance for all these deductions and other things, even under the last heading, total receipts, we find a difference of 3 crores 98 lakhs or nearly 4 crores. If a difference of as much as 4 crores of rupees can occur between the budget estimate and the revised estimate for a year, then I ask seriously, what is the use of these figures? That is why I said at the outset that there is an unreality in dealing with these unreal figures as I would call them; and so far as 1928-29 is concerned, Sir George Rainy admitted the other day that it is largely guess work again. So that I would invite the attention of the House to the serious initial difficulty which a layman like myself may find at the outset. Is there really no way out of this difficulty? Cannot the House see its way to fix the time of the Budget in such a way that we can take into account these three important months, January, February and March, so that we can get the actual figures which will not very much differ from the budget estimates or even the revised estimates. Another suggestion that occurs to me is this. On page 7 you have got the payment of interest on strategic lines amounting to 1 crore 35 lakhs; and then there is the loss in working which inevitably occurs year after year. So far as this revised estimate for 1927-28 is concerned we have got the deficit of 30 lakhs 84 thousand and then under the miscellaneous head we have got a few lakhs which makes a total of 1 crore 67 lakhs which has to be deducted from the general surplus revenues of the railway budget. Now, Sir, the inclusion of strategic lines in the Railway Budget is a double wrong. In the first place, it certainly makes us lose the benefit of the otherwise large surplus. Year after year more capital is sunk and the interest charges increase. What are these strategic lines after all? They are simply military fortifications. Though they may be technically railways, they are virtually military fortifications. Then, why not take them to the General Budget and bring them under military expenditure? That would be the most appropriate thing to do. By omitting to do it, the present arrangement not only deprives us of the benefit of the large surplus we are entitled to get from the working of Commercial lines but it also enables the Finance Member to present his military charges at something much lower than what they

really are, taking into account the strategic lines as well. The Honourable Sir George Rainy said the other day that he would certainly consider favourably the proposal to re-examine the convention of 1924 by which railway finances were separated from general finances. These two things which occur to me at first sight afford sufficient reason for us to get an opportunity to reconsider the arrangements regarding the separation of railway from general finance.

Then, in the third place, I would refer to the reduction of fares. My Honourable friends Mr. Cocke and Mr. Kelkar referred to this matter with some amount of satisfaction. I do not say I am myself not satisfied to the extent which the reduction deserves, but, on looking at it more closely, I find that the hardship of high fares has not really diminished to any appreciable degree. In the first place, as my Honourable friend Mr. Kelkar said, it operates only beyond the 50th mile; he also said that the average mileage travelled by the average third class passenger is less than 50 miles; the correct figure however is 33·3 miles. And if that is the average mileage which a third class passenger travels, what is the utility of making a reduction in fares for journeys beyond 50 miles? The position of the average third class passenger is not improved by this reduction. The Honourable Mr. Parsons in paragraph 15 of his Explanatory Memorandum has drawn the attention of this House to the benefits of this reduction by saying that the third class passenger from Bombay to Delhi will pay Rs. 13-12-0 instead of Rs. 16-2-0; and if he goes on to Karachi he will have to pay Rs. 2-4-0 less; while the pilgrim from Bengal will be able to visit Hardwar at a lesser cost and the Pathan visiting Calcutta will be able to return to his native home for Rs. 13-4-0 instead of Rs. 16-5-0. In the first place I find the figures here are wrong. He has said that the third class fare from Bombay to Delhi will be Rs. 13-2-0 instead of 16-2-0. I find from the January number of the Indian Bradshaw that the figure Rs. 16-2-0 is wrong, because the third class fare by mail train is Rs. 15-1-0 and by the ordinary trains is Rs. 14-12-0; both of which are less than Rs. 16-2-0, the figure put down in the Explanatory Memorandum. No doubt there is some slight gain in those journeys, but may I ask him what would be the fate of a pilgrim from Delhi to Rameshwar? Under the new dispensation, no doubt, while on the journey to Howrah,—because he will be travelling on the East Indian Railway—he will gain something by the reduction of fares. But from Howrah to Waltair, a distance of about 500 miles, he will have to travel by the Bengal Nagpur Railway; from Walter to Madras by the Madras and Southern Mahratta Railway and from Madras onwards by the South Indian Railway, the total distance on the two latter Railways being about 1,000 miles. Now all these are State lines but managed by Companies and the rates on all Company lines have been left untouched. So that while he will gain Rs. 2-2-0 on the journey from Delhi to Howrah, over the remaining 1,500 miles of his journey there is no reduction whatever. The Honourable Mr. Parsons says in the opening sentence of paragraph 15 of the Explanatory Memorandum:

“First of all we propose to reduce third class fares, particularly for long distances, on the East Indian, North Western and Great Indian Peninsula Railways.”

But the fact is that for this long journey which I have mentioned of nearly 2,500 miles the third class passengers stand practically unaffected

[Mr. M. S. Sesha Ayyangar.]

by this so-called reduction. I submit therefore that unless at the same time the Company-managed Railways also are made to reduce their rates there is absolutely no appreciable advantage to the third class passenger at all. Apart from this, there is the fact that there are comparatively few passengers who travel these long distances for which the reduction is operative. Then the Honourable Sir George Rainy said that the present reduced rates compare very favourably with the pre-war rates. May I remind him of the Priestly report published in 1903? That was about 10 years previous to the War. In that report he compared the passenger fares obtaining for third class travelling on the Indian Railways with the fares which our American colleague paid on American Railways. He compared the third class fare paid in America, *i.e.*, 11·88 pies per mile and in India, *i.e.*, 2·33 pies per mile in relation to the daily wage of the American working man which is Rs. 3-14-6 per day as compared with the wage of the Indian labourer, which varies from Rs. 3-12-0 to Rs. 7-8-0 a month and showed that the fare in America was much lower, because with one day's wages the American labour can travel 63 miles while his Indian contemporary can do only 10 miles. He proved that the cheapest fares obtained in America among the countries of the west. Therefore third class rates even at the figure of 2·3 pies per mile were certainly higher in India than in America, and the announcement made by the Honourable the Commerce Member the other day does not take us much further than that figure which was taken as the point of comparison between the Indian third class passenger in 1903 and the American third class passenger. Then, fourthly, the Honourable the Commerce Member said that there has been a reduction in freights so far as kerosene, manure, oil cakes, etc., are concerned. In the opening sentence of paragraph 13 of his speech he said:

"In the case of goods rates, we propose four reductions which should be of substantial benefit to the poorer classes and to the agriculturist."

Now I would ask the House to say whether these reductions will work to the benefit of the agriculturist. So far as kerosene is concerned the House knows that kerosene is imported mainly from the United States of America. The yearly value of these imports is about 3½ crores of rupees. Now, so far as the importers of this kerosene are concerned they will undoubtedly have the benefit of the reduction of freight, but what guarantee is there that that reduction will find reflection in the price paid by the consumer. So far as oil cakes are concerned they come mostly from Ceylon and the Straits Settlement and the bulk is small. As regards artificial and other manures, which have been ordered to be separately recorded since 1926-27, they come to us free of duty and the total value of imported manures is about 25 lakhs or so. No doubt this reduction will facilitate the movement of these manures; but again what guarantee is there that the consumer will pay a reduced price therefor? There are only two other items, petrol and motors.

Mr. President: Order, order. Sir Purshotamdas Thakurdas.

Sir Purshotamdas Thakurdas (Indian Merchants' Chamber: Indian Commerce): Sir, it is hardly necessary for me to say that we on this side of the House congratulate the Honourable the Commerce Member on the Budget that he has presented. It is somewhat sad that Sir Charles Innes

is not here this year to take his lion's share of the congratulations on the present occasion. I believe, Sir, that those who criticize when things do not work up to their expectations should be amongst the first ones to mark their appreciation when satisfactory results are available. (Applause.) As one of those who in the past few years had to say some hard and unpleasant things to the Railway Department, I therefore hasten with my humble share of congratulations on the Budget that is now before the House. (Hear, hear.)

Sir George Rainy, Sir, said that he has formed several convictions since he took charge of his office and one of those was, as given out in his speech, that the separation of the Railway Budget from the General Budget of the country has been in the country's interests. I have no doubt, Sir, that that conviction of his is absolutely correct, and I hope that when he has had the accounting system, which is now under review by the Railway Department, thoroughly examined, and when he is able to put his recommendations in connection with accounts before the House, and a review is made of the convention which has been agreed to by this Assembly regarding the separation of the Budget, we may want a few changes here and there, but there will be very few who would really want to go past the convention and especially the underlying principle of it, namely, the separation of the two Budgets. (Hear, hear.) I believe, Sir, that the Government of India have on the whole stood by their part of this agreement in a satisfactory manner. The East Indian Railway and the Great Indian Peninsula Railway were taken over, and this year the Burma Railways, the contract for which is to expire, is also going to be taken over. I wish to mark my appreciation of the manner in which the Government of India have stood by their contract, a condition about which I know they hesitated very long before they accepted it before this arrangement was arrived at.

I believe, Sir, that there are several directions in which the Railway Department can usefully continue to tighten their hold on the various avenues of touch with requirements of the provinces. I wish particularly to refer to Local Advisory Committees: in some parts these Advisory Committees work to the satisfaction both of the Railway Administrations concerned and also of the public. I have heard, and I am sure the Railway Department themselves may have heard, dissatisfaction from some provinces, and I wonder whether it would be asking too much, if I suggest to the Honourable Member that in addition to the various small pamphlets given to us they may give us a summary of the working of the various Local Advisory Committees, especially containing information on one or two heads. I would particularly, Sir, like to know how many meetings of these Committees are held every year. I also wish to know how many resolutions passed by each Local Advisory Committee are accepted by the local Administration, and where such a resolution passed by the Local Advisory Committee is rejected, I think it would be useful to this House to know the main reasons why recommendations passed by the majority of a Committee have been rejected. I feel that this is the only method by which we could bring more pressure to bear upon local officers who, in some quarters I understand, treat their Advisory Committees and their deliberations and decisions with comparatively scant courtesy.

Mr. B. Das: You are right.

Mr. H. G. Cocke: Where?

Sir Purshotamdas Thakurdas: Where? I think, Mr. Cocke, we had better leave them unnamed; the Railway Board know the names.

Sir, I wish to enquire how many meetings of the Central Advisory Committee were held.

Mr. Jamnadas M. Mehta: None.

Lieut.-Colonel H. A. J. Gidney: One last year.

Sir Purshotamdas Thakurdas: I submit, Sir, and I hope that the Honourable the Commerce Member will agree, that this is a highly unsatisfactory state of affairs. If the Railway Department really do not want to consult the Central Advisory Committee, why put this House to the trouble of electing Members to it? I do hope—I do not want to say anything stronger—that the Railway Department do not want to play practical jokes with the Assembly or with Committees which may be appointed by this Assembly.

Sir, we were told last year that the railway programme of last year was an agricultural railway programme. One welcomes very much the reductions in fares and freights as announced in the budget speech of the Honourable Member. I have separated them, and I find that they are under nine heads in all. But I fail to see how the agriculturist is going to materially benefit by these. Of the total of rupees 2 crores and 99 lakhs reduction, 1 crore and 22 lakhs goes, and very correctly too, for the third class passenger's benefit. Of the balance, 74 lakhs go to the reduction on parcels and luggage. Well, I do not think that one can say that many parcels are sent by the bulk of the masses. So I do not think that that can be claimed for the agriculturist. 28 lakhs go for kerosene, and I am quite prepared to concede that after the "kerosene war", which is at the moment on but threatens to stop shortly, this will give some relief; but the relief there is very very insignificant. For minerals and oil cakes 15 lakhs, and jaggery ten; petrol comes in for 2 lakhs which nobody will claim as going to the agriculturist; motor cars, horses and livestock, 3 lakhs, and the next biggest item is 33 lakhs for uniformity of rates on the East Indian Railway and the Oudh and Rohilkhand Railway. Sir, there does not strike me to be much in this for the tiller of the soil. I hope that reductions given hereafter will be judged from that point of view. I do not wish to further criticize this part, but I venture to ask the Honourable Member in charge why he does not think it worth his while to consult his Advisory Committee regarding the heads under which reductions in fares and freights should be given. I should have thought that the Central Advisory Committee attached to the Railway Department was the most appropriate body for this purpose, and, unless there is some special reason for secrecy in this matter, I wonder why the Central Advisory Committee and even the Railway Finance Committee are both not consulted before the Railway Department decide on reductions. I hope that in future we will have further room for reductions, and I wish that these two Advisory Committees that are attached to the Railway Department are consulted.

Sir, there is just one more point I wish to refer to, and that is regarding the question of surplus wagons about which we had such a bitter debate last Session. One does not want, Sir, to rake up old differences of opinion for after all the money has been spent. But I wish to say that the last letter written by the Railway Department to the Indian Merchants' Chamber, who followed up this question even after

the debate in the Assembly because it has not been replied to further by that body, need not be considered as having satisfied that body. Personally, Sir, I am convinced and my Chamber are convinced, that the Railway Department blundered very badly there. I believe that we have told them pretty frankly and without mincing words what this House thought about their policy and I wish to make it clear that absence of any further rejoinder from my Chamber need not be taken as the Railway Department's final letter being satisfactory.

One word more, Sir, regarding Indianisation and I have finished. I have noted the Honourable Member's remarks in his speech regarding the pace at which Indianisation is going on in the Railway Department. I hope to hear from my friend Mr. Jamnadas Mehta or Mr. Shanmukham Chetty the special reasons why such prominent members of the Railway Finance Committee thought it necessary to issue a statement to the Press saying—I am now talking from memory—that they were dissatisfied at the way in which the Railway Department were recruiting Indians for posts, and inviting letters to them from such applicants who had not received satisfaction from the Railway Department. I do not wish, Sir, to judge hastily between the policy of the Railway Department and where my Honourable friends, all very active members of the Railway Finance Committee, have differed. I know that Mr. Parsons as Chairman of the Railway Finance Committee is always anxious to meet the wishes of our friends, the non-officials on that Committee. But I also know that Mr. Parsons has limitations to his power, and I therefore sympathise with him under certain conditions. All that I say is that if you want the separation of the Railway Budget not to be disturbed, if you want the Assembly to fully help you in the policy laid down and which has yielded such good results, please do not play with the policy which you have laid down; carry it out wholeheartedly and you will find all of us with you in looking after the greatest asset and property of the Government of India, namely, the Railways of India.

Pandit Hirday Nath Kunzru (Agra Division: Non-Muhammadan Rural): Sir, notwithstanding the wide divergence between the budget figures and the revised estimates, it must have been a source of satisfaction to the House to learn that the current year had been a prosperous one. Equally welcome must have been the announcement of the use to which the Honourable Member intended to put the surplus at his disposal. The reduction of rates and fares is the natural outcome of a prosperous Budget, and while it is welcome to me, the most important feature of the Honourable Member's statement seems to be the fact that he has shown his intention to follow a policy of strict economy, of prevention of waste and of making every rupee go as far as possible. It is indeed desirable, Sir, that our revenues should increase. But I venture to think that nothing will better promote the relations between the executive and the Legislature than an assured feeling on the part of the Legislature that the executive was doing its very best to manage properly the property handed to its charge.

The outstanding event in the Indian railway world during the current year has been the publication of Sir Arthur Dickinson's report on the system of accounts, audit and statistics of the Railways owned and managed by the Government of India. I do not pretend, Sir, to understand a large part of that report. But there are certain portions of it which even a layman like me might understand to a certain extent. But before I advert to one or two of those recommendations which men with

[Pandit Hirday Nath Kunzru.]

no special knowledge of Railways might be able to understand, I should like to say a word about the separation of railway from general finances which was discussed very fully last year. Now that the Dickinson report has been published, I trust that the House will, in accordance with the promise given by the Honourable the Commerce Member the day before yesterday, be given an opportunity of reviewing the arrangement which was arrived at some time ago and which will have lasted for about five years before it is revised next year. The grounds on which the revision was asked for were mentioned in detail by many Honourable Members last year. There is first of all the question of the method by which the Capital at charge should be calculated and I venture to draw the attention of Government to the fact that the debt repaid by means of terminable annuities or sinking fund should be included in the Capital at charge. Then, there is the question of the payment of the interest on Capital in so far as the lines on which the Capital has been expended have not become paying. At present that interest is charged to Revenue and many of us suggested last year that it should be charged to Capital. Then, there is the question of the manner in which the accounts of strategic lines should be handled. Should the system continue as it is at present in respect of these Railways or should it be changed as the report of Sir Arthur Dickinson indicates or should some other method be adopted? My Honourable friend Mr. Rangaswami Iyengar suggested during the course of the discussion last year that there was no reason why the Railways should not be treated as a whole. If that point of view is adopted, the loss on account of the strategic Railways must come out of the general earnings of the Railways before the surplus is divided between the Railways and the State. There are also other considerations, Sir, which arise in this connection and some of them, I may mention again, were adverted to during the course of the debate last year. Apart from these things, a revision of the convention which was arrived at in 1924 will give us an opportunity of generally reviewing the policy followed by the Railway Department during the last 4 or 5 years in respect of many important matters. We shall then be able to judge what has been done in regard to Indianisation or the purchase of stores and other kindred matters.

Having made these general observations, Sir, I hope the House will permit me to refer to one or two specific recommendations made in Sir Arthur Dickinson's report. The report I believe has not been placed before the Finance Committee and no effect has been given to it in the Budget placed before the House.

An Honourable Member: They have had it.

Mr. A. A. L. Parsons: Copies of the report have been circulated to the members of the Railway Standing Finance Committee, but none of the proposals in the report has yet been placed before them.

Pandit Hirday Nath Kunzru: Sir, copies of the report have been received by other Members of the House also who are not members of the Railway Standing Finance Committee. One of the recommendations of Sir Arthur Dickinson is that to initiate and work the scheme proposed by him 4 chartered accountants, 4 cost accountants, who need not be chartered accountants, and 4 production engineers should be employed. Now, these men are not to be employed for a definite term of years. The intention is

that, although they might be engaged in the beginning for a definite period, say 5 years, they should afterwards be absorbed in the permanent services and that they should be eligible for selection to higher vacant posts. Now, in view of the importance which this House attaches to the question of Indianisation, I trust that the recommendations of Sir Arthur Dickinson with regard to an increase in the higher staff will be very seriously considered before they are given effect to. The examination for chartered accountants takes place, as every one knows, only in England. Indians will, therefore, be under a handicap if only chartered accountants are to be employed. If it is finally decided in the interests of sound accounting that chartered accountants only should be engaged, I trust that the claims of Indians who are duly qualified will receive preferential consideration. In any case, the proposal with regard to the permanent employment of men who might be engaged in the beginning for short periods only is one which will rouse serious misgivings in this House. I am willing to concede that from a business point of view it might be desirable that men should be brought in from other countries, but I trust that this step will be taken only when the necessity for it is made absolutely clear.

The second point that I wish to advert to in regard to Sir Arthur Dickinson's report is the policy which he has suggested in regard to the purchase of stores. I should not like to say much about it on this occasion, as I hope the House will have an opportunity later on of considering this matter more fully than it can do now. But I cannot help feeling that if the recommendation of Sir Arthur Dickinson that a Chief Supply Officer, immediately responsible to the Agent, should be appointed and should be authorised to exercise all the latter's powers of purchase is accepted, we would have even more cause to complain hereafter than we have at present of the policy pursued by the Railways in regard to the purchase of stores.

I should, Sir, before I sit down like to deal with the policy followed by the Railway Department in regard to the building up of the Reserve Fund. I asked last year whether there were any principles which guided the Railway Department in fixing the size of this fund. No answer, however, was forthcoming beyond the vague reply that, if they had a substantial reserve fund, the Railway Department would be able to follow a bolder and more courageous policy in regard to the reduction of rates and fares. Now, we all know the purposes for which the Reserve Fund is being built up. But is it not possible on a review of all the liabilities, including unforeseen and sudden liabilities, which might fall upon the Railways to form some idea of the sum which might be set aside, say, every 5 years? A bad monsoon does not affect only the Railway Department, it affects the revenues of every Government in India. We know that in the financial settlements which were arrived at with the provinces, this was taken into consideration and every Provincial Government was asked to lay by a certain sum annually in order to meet the liabilities with which it might be faced on the occurrence of a serious famine. I wonder whether some such principle could not be followed here after a review of all the liabilities which the Railway Department might be called upon to meet. Apart from this, Sir, I think there is a strong objection to allowing the reserve fund to increase without having any very definite idea of the principles which should underlie it. We learnt last year that the reserve fund is merged in the cash balances of the Government of India and that Government pay the Railway Department a rate of interest which is less

[Pandit Hirday Nath Kunzru.]

by 1 per cent. than the market rate of interest. Now, as the Railways borrow capital every year for new construction, the State which takes over the reserve fund practically re-lends this money to the railways at a higher rate of interest. But even if the Railways were paid the same rate of interest at which Government borrow in the open market, my objection to the policy pursued at present would not be weakened. The present practice in a sense comes to this. Railway customers are taxed in order to provide money for the construction of railways. Now here, we see that, apart from the depreciation fund, we have a debt redemption fund, the object of which has been stated to be to improve the credit of the State and to enable it to borrow money more cheaply for productive purposes than it has been able to do in the past. This policy, of setting aside a sum for the reduction or avoidance of debt in addition to the provision made for depreciation in the Railway Budget, is followed mainly in the interests of the Railways, and it does seem to me necessary that this policy should be reconsidered. At present, as I have said, we provide money for the reduction of debt out of the general revenues in the interest, mainly, of Railways. Then, Sir, the interest on such portion of the railway capital as is not productive is charged to railway revenue and in addition to that the reserve fund is also practically used for railway construction. If there is a surplus, it should either be made over to the people from whom it has been derived in the shape of a remission of fares and rates or the general revenues should be enabled to benefit by it. It should not go to the reserve fund which is sufficiently large now and which will stand at about 19 crores at the end of next year. We have to remember that the railways benefit considerably by their association with the State. A private railway company could not borrow on such favourable terms as the State does and, as the Honourable Sir Basil Blackett pointed out last year, the Railways pay no income-tax. If, in view of these circumstances, we desire our Railways to make a certain contribution to the State, it is by no means unreasonable. I do not mind, Sir, which of these two policies is pursued, but I do think that we should not allow our reserve fund to grow as it is growing up at present without having any definite idea of the uses to which it is to be put. At present, as I have said, the practical effect of allowing the reserve fund to grow up indefinitely is to tax the travelling public in order to find funds for railway construction.

Mr. Jamnadas M. Mehta (Bombay City: Non-Muhammadan Urban): Sir, the Honourable Sir George Rainy perhaps knows that I am not rising to congratulate him but to sympathise with him.

Mr. B. Das (Orissa Division: Non-Muhammadan): Then why apologise?

Mr. Jamnadas M. Mehta: But as this is his first budget speech, he is rightly entitled to our indulgence and, therefore, instead of castigating him, I would only warn him. I say, Sir, that the Railway Member and those Members of the House, who have showered congratulations on this Budget, are living in a world of unreality; that the financial position of the Railways as disclosed in the budget figures is not so very satisfactory as it looks. Sir George Rainy is quite right when he says on page 2 of his speech "that, I think, is the result which on the face of it is satisfactory." That is perfectly true. On the face of it it is satisfactory, but at the root of it it is not.

Sir George Rainy was beaming with smiles when he made that speech. He distributed compliments all round, except to the tax-payer (*An Honourable Member*: "Except you!") Thank you, I don't need them. He talked of railway income having gone up by a few crores, and of expenditure having fallen by many lakhs. He talked of passenger and goods traffic having grown; of three lakhs and odd more wagons carried filled with pulses, grains and other agricultural produce, thereby creating an impression of agricultural prosperity. Then with a great fanfare he announced the reduction of rates and fares, and thereby sought to make out that the Railways were prosperous, and that there was every reason to be satisfied. It is necessary to say that this picture is grossly overdrawn. The House should remember that we have had six consecutive good monsoons, which is not a good fortune which the Railway Member can always claim as a matter of right. We have had Assemblies which have voted 150 crores of capital during six years. We have added 2,200 miles of railways. If the traffic has increased it is because the mileage has increased. If he can show that the traffic has increased on the footing of the same mileage, then there is some reason for congratulation. But I wish to show that on the footing of the same mileage the traffic has not increased, income has not increased, our average income per mile has not increased, the net receipts have not increased. On the other hand our expenses have decreased less than they ought to have with falling prices further accelerated by the exchange nexus. I shall ask the House always to keep in mind that the railway mileage in 1924-25 was 27,300, and in the budget year it is going to be over 29,500. If you bear this in mind you cannot go wrong, and most of these congratulations have proceeded from the fact that these relevant factors have been ignored. Bearing this fact in mind that the mileage has increased Honourable Members will realise on analysing the figures that the gross earnings per mile in 1924-25 were 36,980, in 1928-29 in the budget year they are going to be 34,970. That means that after four years our gross receipts per mile have decreased by nearly 2,000 per mile, instead of increasing. Similarly, the net receipt per mile in 1924-25 was 18,957. In the budget year it is going to be 18,117, again a deficit of 840 per mile. And how can any reasonable man accept the statement that there is a progressive increase in our earnings far from that. It is progress in the direction of the tail.

Sir, if you look at our surpluses after deducting working expenses and interest charges from the gross receipts you will realise that in 1924-25 our surplus was 13 crores and 16 lakhs. In the budget year it is going to be 10 crores and 64 lakhs. Does this indicate either that economy has been practised or that earnings have increased, or that efficiency has grown? You have gone back in every direction. You are earning less per mile gross and you are earning less per mile net. Your surplus is smaller and yet on grounds which I have yet to discover we are asked to believe that the Railways are prosperous and that everything is going on very well. I am saying this with a view that the House should take warning. Let us not live in false hopes that the Railways are really progressing in the direction of becoming more paying. They are not. And one bad monsoon will bring out the difficulties which we have not had to face for the last five or six years. If my friend, Colonel Gidney, will properly work up his mathematics he will find that when you are losing two thousand per mile per year in gross receipts, when you are losing eight hundred net per mile every year, you cannot challenge the proposition that the Railways are not prospering.

Lieut.-Colonel H. A. J. Gidney (Nominated: Anglo-Indians): Why blame the monsoon?

Mr. Jamnadas M. Mehta: I am not blaming the monsoon. I am calling attention to the fact that it is a great mistake to ignore the monsoon, that you may have occasionally a monsoon not very favourable that in that case the picture which seems to be rosy will not be so bright, and that the factors now concealed will come out in greater force to show the great room for economy which exists but which is now concealed owing to the exchange factor.

Sir, I have shown that so far as the figures of 1926-27, 1927-28 and 1928-29 are concerned, the position is that since 1924-25 there has been a deterioration in gross income and a fall in the net receipts. On the basis of the figures of 1927-28 (October), it has been claimed that passenger traffic has been increasing. That also is not correct. Roughly for every crore of capital sunk in Railways, 9,93,000 passengers were carried in 1924-25,—to-day that number is 9,40,000; so that the number of passengers per one crore of capital sunk has gone down by 53,000; and the total reduction in the number of those who travel on Railways is something like 36 crores. Look at the question from any point of view; you will not come to the conclusion that the Railways were doing well in comparison with 1924-25; they have substantially gone down.

Sir, much is made of the reduction of rates and fares. Now, Sir, this is a question which the House ought to examine very carefully. There has been no reduction worth the name; for what little you get you may feel grateful comparatively. But absolutely we are still paying more for travelling than we used to pay before 1913-14. I estimate, Sir, that the increase in railway fares made in 1921-22 was nearly 55 per cent. over the fares of 1913-14. So what was 100 in 1914 became 155 in 1921-22; that has been further increased by 12½ per cent, owing to the appreciation of the rupee and works out at 19 points; to-day therefore the traveller is paying something like 175 where he used to pay 100 in 1913-14.

Mr. A. A. L. Parsons: Has the Honourable Member taken into account the reductions in 1926?

Mr. Jamnadas M. Mehta: I am coming to that; the reductions that have been made the year before the last and which are proposed to be made now, as has been pointed out by my friends here, do not apply at all to the basic distance of 50 miles. We are told of a telescopic reduction, which sinks into microscopic insignificance if we look at the fact that the reduction of fares simply does not come into force till you have reached 50 miles; so that the reductions of 1926 and those which are now announced touch only a fringe of the whole position. According to the Currency Commission the prices in 1924-25 were 157 as compared with 100 in 1914 and according to the *Labour Gazette* to-day the prices are 143. So that while the prices have risen from 100 to 143, the rates and fares have risen to 175—surely no one can claim that any reduction in rates and fares has taken place. When the Railway Member announces some reductions he makes an imposing show of generosity. He talks seriously about the necessity of caution lest our income falls and the reserves are depleted, and so on. As a matter of fact, the insignificance of the reductions in the railway rates and fares would be obvious if the analysis is carried out on

the lines I have indicated. There is one special point about the so-called reduction of freights. It is said that we are benefiting the agriculturist by proposing reductions on manure, oil cake, kerosene oil, this, that and the other, and that we are foregoing a revenue of Rs. 106 lakhs. That may be so. What I want to point out is that the agriculturist is still being charged by the Railways as freight on his grains and pulses and on all the wheat and all the jute and all the cotton that you may be carrying at the same old rate which has been rendered heavier by the additional handicap of 12½ per cent.; and therefore unless you give some reduction to the agriculturists to the extent of 10 or 15 per cent. on the freight for carrying his produce to the market, this little reduction on kerosene oil and oil-cake and manure and so on will not go very far towards relieving him. He would willingly pay the present rate on manure, oil cake and kerosene oil if you reduced some 10 or 15 per cent. from the freight of carrying his produce to the bazars. I have thus shown that the reduction of rates and fares is mere eye-wash.

Now, Sir, I shall turn to the question of the acquisition of lines whose contracts are maturing; we find that the Railway Board is very slow in this direction.

Mr. President: The Honourable Member had better leave that point for some other occasion.

Mr. Jamnadas M. Mehta: Then, Sir, I will close, as I started, by observing that the financial situation as revealed in the budget figures is good on the face of it, but is bad at the bottom. We are to-day much worse off than in 1924-25; the reductions of railway rates and fares are trumpery. There is too much of expenditure and if that is reduced, we can get what the House and the country badly require—a much greater reduction in rates and fares.

Maulvi Muhammad Yakub (Rohilkund and Kumaon Divisions: Muhammadan Rural): Sir, I am not one of those who consider it a part of their creed to remain ungrateful to any individual or any organization even when they deserve our gratitude. My religion teaches me that one who is ungrateful to man cannot be grateful to God Almighty; and, therefore, Sir, I wish to join the Honourable Sir George Rainy in paying a just and well deserved tribute to the Honourable Mr. Parsons for the admirable manner in which he has handled the finances of the Railways in India and for the keen interest which he has shown in his work as the Financial Commissioner of the Railway Board. I would also like to couple with Mr. Parsons the name of his financial adviser, Mr. Hayman, to whose thorough knowledge of the details and comprehensive hold upon his work the present prosperous condition of the railway finances is due to a great extent. I also take this opportunity to offer my thanks to both the Honourable gentlemen for the courtesy and consideration which they showed me as a member of the Railway Finance Committee.

It is a matter of satisfaction to me, as one who actively supported the scheme for the separation of the Railway Budget from the General Budget, to see that the experiment has fully justified itself by the success achieved during the last two years.

I have no doubt that the reduction in fares and freights proposed by the Honourable Sir George Rainy will be generally appreciated. But

[Maulvi Muhammad Yakub.]

I can not help pointing out in this connection that the reduction in long journey fares of the third class will not much help the poor man of the country. It is only on the occasion of pilgrimage or other religious fairs that the poor man once or twice in his whole life takes a long journey. His ordinary travels are usually confined to short distances, namely, from his village station to the headquarters of his tehsil and district, and the proposed reductions do not at all cover such cases. However, by the removal of the distinction between the mail and the passenger trains' fares a great nuisance has been removed which I am sure will be appreciated by the travelling public.

I believe the Government is fully alive to the great competition which the motor service in India is putting up against the Railways and there can be no gainsaying the fact that they are more comfortable and more convenient for short distance journeys; therefore, unless particular care is taken to make short journeys by rail cheaper and more comfortable than the motor service, the Railways in India will lose a great source of their income. Not only a reduction in short journey fares but also a careful programme of the time-tables is needed to meet the requirements of the public. In this connection I may point out that time-tables prepared at headquarters situated at long distances by officers who have no personal knowledge of the different local areas are often not suitable to the general public. Since the amalgamation of the Oudh and Rohilkhand Railway with the East Indian Railway the timings of the Railways running in Rohilkhand are often very inconvenient to the public and hence the motor traffic is increasing day by day in this part of the country. In preparing the time-tables for local and passenger trains, which generally terminate after travelling certain distances, the views of the Divisional Superintendents and the Local Advisory Councils should be obtained for guidance.

I am sorry I have to repeat again my complaint of last year about the long time which a train takes between Delhi and Moradabad. A distance of only 100 miles takes no less than five hours. This is a shameful state of affairs and requires prompt action. The Delhi-Moradabad line is a very important section of the Railways and both these places are trade centres. Besides this it also connects Delhi with Lucknow, the *de facto* capital of the United Provinces. It is therefore highly important that the speed of trains on this line should be improved and at least one express train should run between Delhi and Moradabad.

I wish also to place on record my appreciation of the work and the system in vogue in the two railway workshops at Lilloa and Bombay, which we, the members of the Railway Finance Committee, inspected during the course of last year and am fully satisfied that a great deal of reduction in the cost of repairs is due to the efficient working of these workshops. But the economy achieved by the successful management of the East Indian Railway workshop is, to a certain extent, neutralised by certain extravagant actions of the managing body of this section of the Railway. As an example may be cited the yearly cost of the Loco. Shed management under the present East Indian Railway system as compared with the old Oudh and Rohilkhand Railway system incurred at Moradabad and Lucknow Stations. Under the Oudh and Rohilkhand management there was one Shed Foreman in charge of the Loco. Shed drawing a salary of Rs. 550 a month, one day shedman drawing a salary of Rs. 80 per mensem, one night shedman at Rs. 260 per mensem and one

Loco. Inspector drawing Rs. 450 *plus* Rs. 75 travelling allowance. The total amount of their salaries came to Rs. 1,415 per mensem or Rs. 16,980 per annum. The same staff with the same salary was employed at Lucknow, and the total amount of the salaries of the Loco. Shed management both at Moradabad and Lucknow came to Rs. 38,960. Now under the East Indian Railway system the expenditure of the Loco. Shed management is as follows :

One Running Shed Foreman at Rs. 600 per mensem *plus* Rs. 80 Sunday allowance,

Three Assistant Shed Foremen at Rs. 425 per mensem each *plus* Rs. 170 Sunday allowance,

Three shunters at Rs. 40 to 50 each per mensem,

Three clerks at Rs. 40 to 50 each per mensem,

One Power Travelling Inspector at Rs. 500 per mensem *plus* Rs. 75 travelling allowance.

One Coal Inspector at Rs. 500 per mensem *plus* Rs. 75 travelling allowance.

One Staff Inspector for both the stations, namely, Moradabad and Lucknow at Rs. 700 per mensem.

In this way the total cost of one station is Rs. 4,285 per mensem and Rs. 50,820 per annum and the total amount of expenditure for both the stations comes to Rs. 98,240 per annum. Thus for the same amount of work under the East Indian Railway management there is an excess of Rs. 59,280 per annum as compared with the expenditure during the late Oudh and Rohilkhand Railway management.

Under the Oudh and Rohilkhand management there was one Works Manager at the Lucknow Loco. and Carriage Workshop drawing Rs. 700 per mensem whereas now we have one Works Manager on Rs. 1,200 per mensem imported from the East Indian Railway section, with one assistant under him. The man who was formerly Works Manager under the Oudh and Rohilkhand management and performed his duties quite efficiently has now been reduced to the position of an assistant. Besides the Assistant Works Manager there are several other supervising in-charges although the amount of work is just the same as it was before.

This state of affairs to my mind is due mostly to the fact that the Railway Board has left the Agents quite independent and does not exercise that supervision and controlling power which is necessary for the successful running of an organisation. I want the Railway Board to take note of this fact and hope that in future they will not allow the Agents a freedom which is more akin to irresponsibility than independence.

Mr. N. M. Joshi (Nominated: Labour Interests): When I sometimes consider questions connected with the railway administration in India, the question arises in my mind—for whom are the Indian Railways intended. Sir, the origin of the Indian Railways is in the profit-making instincts of the British capitalists. The British capitalists wanted to have safe investments. They started companies to establish railways in India. That is the origin of the Indian Railways. But the British capitalist was not quite content to get a fair return on the capital which he had invested. He further thought that if he started railways in India, those railways would afford a very good market for the workshops of Great Britain.

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That was the second object for which the Indian Railways were originally started. These Britishers thought in the third place that there would be a good field for the employment of a number of Britishers. Lastly, they thought that if the Railways were started with their capital and if the Government which exercises some control over them sometimes is British, they may manage the Railways also in such a way that the Britishers travelling in India should get the most benefit from the railways. Sir, that seemed to me to be the original object for which Indian Railways were started. Later on, the British capitalist thought of a still better plan. He thought there was not much use in investing his own capital in the development of Indian Railways and it would be better if he could make use of the money belonging to the Indian people for that purpose while he retained all the advantages which he had enjoyed. This was quite a clever move. You may remember, Sir, that a large number of my Indian capitalist friends in this House showed a great love for the nationalization of the Reserve Bank or the State Bank. I did not expect them to show such a love for the nationalization of the banking industry and for a State Bank, but a cynical friend suggested to me that they thought it was a very good plan for them, because if there was a shareholders' bank it would be necessary for them to put their money into it in order to get on the Directorate, whereas in the case of a State Bank it would not be difficult for them to become Directors without investing any of their money. In the same way the British capitalists thought it was folly on their part to invest their money in the development of Indian Railways when they could get the same advantages by the investment of Indian money. So, Sir, the Indian Railways came to be developed with State money. Naturally we expected that the original object for which the Indian Railways were maintained would undergo a change, but unfortunately it is not possible still for any one to say that the original object has entirely changed. Look at the question of railway management from the point of view of the people who travel on Indian Railways. You will still find that the Indian Railways give their greatest attention to the first and second class passengers, the classes by which the Britishers naturally travel. You go to any station even now and you will find that first there must be a European refreshment room, and then, if the station is a very big one like Delhi, you may have an Indian refreshment room. Every train must have a first and second class carriage, but certainly there are some important trains on which it is decreed there need not be third class carriages at all. You might say that there was a reduction of fares for third class passengers; but it has been made clear here now that that reduction applies only in the case of a very small number of third class passengers. You can look into any aspect of the travelling facilities on Indian Railways and you will find that the sole attention, or at least the main attention, of the railway administration is directed towards making the first and second class traveller quite comfortable. Last year I showed that the railway administration gets from every first class seat only as much as they get from a third class seat. Nobody can say that that is good business. A third class seat may require you to put in say Rs. 100 in capital cost, while a first class seat may require say Rs. 1,000. You must therefore make more out of a first class seat than out of a third class seat. That is ordinary business and nobody can say it is not good business to expect

that higher return. But in fact the Railways are making only just as much from the first class seat as from the third class seat. The implication of this is quite clear, and it is that the Railways are intended for the benefit of those who travel by the first or second class, and if the money is to be found for the comfort of the first and second class people it must be found by taking a little more from the third class passenger. I cannot see any other meaning in the facts which I have just given. The only meaning is that the first and second class traveller must get his comfort at the cost of the third class traveller.

Sir, I do not wish to speak more on this point. But I may say also that although it is now a long time since our railways were started, you may say about a hundred years, the railway administration in India is not yet self-reliant in the matter of its stores and supplies. If the Railways in India had cared to build up railway industries in this country I think a hundred years would have been quite sufficient for them to build up all the industries which are necessary for the administration of the Railways. Is it really impossible for us to build workshops where the engines necessary for our Railways could be manufactured? Our Railways still depend upon locomotives from foreign countries, and a large number of other manufactured articles come from foreign countries. It is true that if you take the total amount spent on stores you may find that an equal amount is spent on Indian stores as on foreign stores. But the Indian stores may perhaps consist of bricks and stones and such things, while the foreign stores may consist of manufactured articles. Unfortunately I could not find from either the Report of the Railway Board or from the Budget and statements and explanations furnished what kind of stores were purchased in Great Britain and what kind in India. It is clear also from this point of view that the original object for which the Indian Railways were started has not undergone much change.

Then, Sir, there is the question of the employment of Europeans. We are told that the Railways are being Indianized very fast. Sir, I have seen the figures given in the Indian Railway Report and I have not yet found that the number of Europeans employed has gone down. The number is still going up. It may not be going up very much, but the total number of Europeans engaged has not yet been reduced; the number is gradually growing up. What really it means is this. We are Indianizing, but in order to give the Indians more we shall create more jobs, so that our number may not be reduced. Sir, that is the meaning which I attach to the present kind of Indianization. (*An Honourable Member*: "Do you mean Englishmen or Anglo-Indians?") I am not talking of either Englishmen or Anglo-Indians, because we are just now considering the question of the original object for which Indian railways were intended.

Then, Sir, there is the question of the Railways looking after their employees. We have heard of economies and retrenchment in our workshops. If the Railway Budget would show very clearly that the charges of supervision are going down I could then understand the justification for reducing the number of people who are engaged in our workshops,

1 P.M. but as a matter of fact the charges for supervision are not going down but are going up a little bit. I would like the Honourable Member in charge of the Railway Department to produce

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figures and tell us whether there is economy in the charges for supervision. If there is no economy in the charges for supervision and if you are making that economy by curtailing the number of subordinate people employed or reducing their wages, I think your economy is not obtained in a proper manner. You are getting your economy or you are producing your economy in the repair of engines and wagons at the cost of the poor employees of the Railways. It is quite true that these employees still work in your workshops although you may reduce their numbers and indirectly increase their work or perhaps may have reduced their wages, but that is not an indication of your treating your railway employees justly. Sir, I need not dilate on this question at greater length on this occasion. I am sure there will be some other occasion when I can speak on that subject. But from the points of view which I have placed before you I am still doubtful whether the Railways in India are intended for the people of India and for increasing their comfort during their travel and generally for benefiting the people in this country. I still feel, Sir, that the angle of vision of the Railway Administrations in India must undergo a great change before the Railways in India begin to serve their proper function, namely, increasing the happiness of the Indian people.

Mr. K. C. Neogy (Dacca Division: Non-Muhammadan Rural): Sir, I have so often been described as an enemy of the convention of the separation of railway finance from general finance that I am not ashamed to confess that the portion of the speech of the Honourable Member in charge of Railways which appeals to me most is where he promises that this question will be inquired into in the near future. My Honourable friend, Mr. Kunzru, has already referred to the various points that need to be looked into. But my position has been that it is not merely enough to bring about an adjustment of the commas or even the full stops in that convention. My Honourable friend, Mr. Kunzru, was talking about certain adjustments which may have to be made perhaps between capital and revenue charges and the re-examination of the basis of the calculation of the Railways' contribution to the general finances, and all that sort of thing. My position, however, has all along been that as a result of agreeing to this convention this Assembly, imperfect as its control is over public affairs, has parted with a large portion of the control that it used to exercise before the convention was accepted. My Honourable friend Mr. Jamnadas Mehta last year referred to his experience that as a result of the practical working of this convention the Agents are in the enjoyment of much larger powers than ever before, and that they have as a matter of fact usurped certain powers of the Assembly. I am very glad that I am speaking in the presence of my Honourable friend Mr. Jamnadas Mehta to-day because he was one of the warmest supporters, if I am not very much mistaken, of the convention when it was originally agreed to. (*Mr. Jamnadas M. Mehta*: "I still am.") You are? My Honourable friend is a little repentant if the circumstances be what he stated last year. (*An Honourable Member*: "He is incorrigible.")

"Now that we are considering the Budget it would interest the House to know as to what is the nature of the control that is exercised hereafter in regard to the spending of the money that we vote for the different purposes of the Indian Railways."

If anybody cares to go through the Evidence Volume of the Public Accounts Committee that met last autumn in Simla, he will find ample material to doubt the assertion that is so often repeated by the Official Benches that the Assembly has not parted with even a fraction of the power that it possessed over the Budget. If Honourable Members will refer to the evidence given by Mr. Parsons, the Financial Commissioner, and Mr. Hartley, the Accountant General, Railways, before the Public Accounts Committee which scrutinised the accounts for 1925-26, they will find what large powers of reappropriation are at present enjoyed by the Railway Department as a whole and by the Agents in particular. (*Mr. A. A. L. Parsons*: "Less than before the convention.") I do not know, because contemporaneously with the establishment of the convention a very large portion of the financial powers was delegated in the first instance from the Secretary of State to the Government of India, and in the second instance from the Government of India in favour of the Agents, and my Honourable friend Mr. Parsons will perhaps revise his opinion when he reads his own evidence on the point and that of Mr. Hartley. I am going to place Mr. Hartley's evidence,—just a few lines—on this point, because it seems to me that even the audit control has got diluted under this convention. Mr. Hartley was asked as to what was the actual figure which guided them in coming to a conclusion as to whether the Assembly grant has been exceeded, or whether there has been a saving and things of that kind. Now Honourable Members are aware that what we pass here in the shape of Demands for Grants are contained in this blue book and the very large number of pink books which are circulated along with the budget papers contain very many proposals, including sanctioned schemes and unsanctioned schemes of the different Railways, and the amounts contemplated in the pink books exceed the amounts that we actually vote in the blue book by, I think, very many crores. Now Mr. Hartley, the Accountant General, Railways, to whom we look for seeing that the control of expenditure which this House exercises is actually maintained, takes a very curious view. He says;

"My own feeling is that I ought to be guided by the grants sanctioned by the Assembly",

but in spite of this "feeling" he has allowed himself to be guided more by the pink books than by the blue-book because, he adds, "the question is what is that grant?" A very curious question to ask for an Accountant General! "Is it the main grant," he asks "or are we to be guided by the distribution made in the pink books which in my opinion is very much more? It exceeds the grant very much." Then he says:

"I have taken the pink books on which the total demand of the Assembly is based as the detailed demand for the railway grant. I have treated that as the original grant."

That is to say, he practically gives the go-by to the blue book with which alone we are concerned here, and he attaches far greater importance to the pink books, which, as I said, contemplate much larger amounts than we sanction here. This is the sort of control which even the Accountant General is at present exercising under the present convention. Now, Sir, the Honourable Member in charge has given us an idea of the procedure which he proposes to follow in having this inquiry made. I do not understand why he wants to proceed in such a roundabout fashion. First of all he says, "Let us have the discussion in this House and if the

[Mr. K. C. Neogy.]

discussion here reveals a desire on the part of Members to have the convention re-examined, then I am going to take up the question",—as if we had not a discussion on these lines last year also.

Now, Sir, the second stage will come when he will ask the examination of the Dickinson Committee's Report to be expedited in the Railway Board; the third stage will come when the Finance Committee in its turn will be asked to have its say; the fourth stage will come when he will put forward his proposal before the Legislative Assembly for the appointment of a Committee. I do not know whether it is necessary to go about this business in such a dilatory fashion when the Honourable Member knows perfectly well that there is a general desire on the part of Members to have the convention examined, and, that at as early a date as possible. The convention Resolution itself indirectly contemplates the re-examination at the end of three years of its working and now we are completing the fourth year. (*An Honourable Member*: "After three years. That is what it says.") Now, Sir, the points that I want to be carefully looked into, from my point of view, are as to how far the Assembly control has been diluted under the convention; and how far the audit control is maintained unaffected. This will of course include the question of separation of audit from accounts. The third point would relate to the nature of the Treasury control, and that would raise an inquiry into the dubious personality of the Dr. Jekyll and Mr. Hyde of the Railway Board, I mean the Financial Commissioner, who in one capacity is a member of the Railway Board, and in another the ambassador of the Finance Department in the Railway Board.

Now, Sir, let me come to the popular feature of the Budget, namely, the reduction of rates and fares. A great deal has already been said on that subject, and I do not propose to detain the House at any length on this point. It is a pleasure to me to find that an earnest beginning has been made towards the reduction of rates and fares which had to be put up during the very first one or two years of the existence of this Assembly. I remember the days when we had rather a heated debate in the first Assembly of which I was a Member, with regard to the question of the increase of rates and fares. The first point that I want to raise here is as to why it is that the Eastern Bengal Railway has been excluded from the benefit of this reduction. We find mention of certain State Railways expressly to which this benefit of reduction will apply, and then there is a general statement to the effect that the Company-managed lines also will be invited to come into line, but what about the Eastern Bengal Railway? I hope, Sir, that there is some very serious justification for the Honourable Member to treat the Eastern Bengal Railway on a differential basis in this matter. Reference has already been made to the fact that the short distance traveller in the third class is not being benefited at all. Reference has also been made to the fact that the average miles travelled by each third class passenger is about 33 and odd points. It is very curious that although the number of third class passengers is going up, the average miles travelled by the average third class passenger is going down steadily. The figure was 37 in 1921-22 and it has come down to 33 and odd now. Now, that is a point to which I direct the attention of the Honourable Member in charge. And this brings me to the question of principle as to whether the rates and fares in the Indian Railways are being fixed with

reference to the well known principle as to "what the traffic will bear." On this point I remember there was a discussion in the Assembly in 1926 and the Financial Commissioner gave rather a fantastic definition of this well-known formula. What he said was this:

"You have got two limits. You have a minimum limit as you cannot charge for your fares a smaller sum than will be sufficient to meet the additional expenditure involved in carrying the traffic; and the maximum limit is that you must not charge fares higher than the traffic will bear; that is to say, you must not charge fares higher than the traffic will bear; that is to say, you must not charge fares which will have the result of diverting traffic from your line."

It is a very curious paraphrase of that policy, and when he made that statement, I interjected:

"Have you read Acworth's definition? Do you agree with that?"

He said:

"Yes".

Now, Sir, Acworth gives quite a different definition of this formula. And this is what he says:

"The real meaning of the phrase is that, within the limits already described—the superior limit of what any particular traffic can afford to pay, and the inferior limit of what the railway can afford to carry it for— * * *. So regarded, 'what the traffic will bear' is a principle, not of extortion, but of equitable concession to the weaker members of the community."

According to Mr. Sim's definition, he would charge as much as he can so long as traffic will not be diverted; and there is very little chance of the traffic being diverted, having regard to the circumstances of the Railways in India. They are in the position more or less of monopolists and that was a fact which was admitted only the other day by the Honourable Member in charge. Now, Sir, I do not know whether the third class fares have been fixed with reference to this well-known formula, third class short distance fares. Is the third class short distance traveller in a position to pay the fare? Can such traffic bear the rate which is sought to be maintained even under the present revision? Now, Sir, this principle is equally applicable to goods traffic. And in this connection I should like to know what justification there is for the reduction of the freight on petrol, for instance. Here is an article of luxury; there is absolutely no justification for reducing the freight. I remember a debate on this point last year which was raised at the instance of Colonel Crawford. But I warn the Government that they are encouraging a potential competitor in the motor road transport. And apart from that, I consider that there is an ethical principle behind the formula "What the traffic can bear", and there is absolutely no justification, looking at it from whatever point of view, for reducing the freight on an article of luxury like petrol.

Now, Sir, I very much regret to find that there is no mention of the coal trade in the Honourable Member's speech. The Honourable Member in charge is so very unkind as not to mention the fact that the reduction in the fuel cost is due partly, if not largely, to the fact that the price of coal has gone down very much. I find that the Officiating Chief Commissioner of Railways, speaking in another place, was more fair in this matter, because he gives the first place in the reduction of the fuel bill to the fact that the price of coal has been reduced, but the Honourable Member in charge altogether ignores that fact and mentions various

[Mr. K. C. Neogy.]

methods by which economy in consumption was effected. What I want to say is that you are taking advantage of the misfortune of a primary industry of this country, for I find that in 1926-27 a saving of Rs. 75 lakhs and odd was effected in the coal bill due entirely to the fall in price of coal; then in 1927-28 a further reduction was effected to the extent of 11 annas per ton, comparing the price of that year with 1926-27. Then in the budget year it is stated that a contract has been entered into for coal which has been quoted at 5 annas per ton less than in 1927-28. That shows that in two years a reduction has been made of just a rupee per ton, and yet the Honourable Member in charge has no solace to offer to that trade, in its dire distress, in the shape of reduced freight. Now, Sir, as I will have an opportunity of raising this point at greater length later on, I do not propose to go into it any further.

Mr. Varahagiri Venkata Jogiah (Ganjam cum Vizagapatam: Non-Muhanmadan Rural): Sir, I wish to speak a few words with respect to certain aspects and policy of the railway administration. The Honourable the Commerce Member referred to the progress which Indian administration has made, in the speech which he delivered on the budget. No doubt, this question about the Indianisation of the railway services will be dealt with, later on, in this house and therefore for the present I shall deal with the treatment meted out to Indian Officers who have been taken into the higher ranks of the railway services. I wish to premise by saying that the treatment which they receive is very unsatisfactory and their position is very insecure. As an example, I wish to take the South Indian Railway. In the year 1916, the Home Board of the South Indian Railway authorised the appointment of Indians into the higher ranks of the railway service. At that time they stated that "on taking a broad view of the matter it was undesirable that any distinction should be made in the matter of pay between Indians and Europeans who are to be employed in the superior grades." The Indian officers were accordingly appointed and placed in the same grades and drew the same salaries as the European officers did and had the same standards of promotion and privileges to look forward to.

There were on the 1st January 1920 ten such officers on the staff of the South Indian Railway. Of these, four officers were directly recruited and confirmed in the superior grades of the service. All of them entered the service before the year 1920, and in March 1920 for the first time the overseas allowance was introduced into the South Indian Railway. The Home Board, for some reason or other, failed to sanction this allowance to the Indian officers who were entitled to the same consideration. In the beginning of the year 1922, however, the Home Board considered the question of the grant of this allowance also to the Indian officers and extended the same privilege to them. They not only granted them the allowance but also allowed them to draw the allowance with retrospective effect from the year 1920. In 1922, therefore, these officers drew the allowance with retrospective effect. But, for some reason best known to themselves, the Home Board, all of a sudden, made a clean *volte face* and ruled, arbitrarily, that these concessions should cease, in the case of Indian officers, immediately they were promoted into a higher grade. The result of this decision was that these officers who drew the allowance, with retrospective effect, had to disgorge the same and submit to the orders of the superior

officers. There has been a great deal of correspondence and controversy on this subject and the letters of the Chief Auditor and the Deputy Accountant General and the Government Examiner, on the subject, leave no doubt in the matter.

Then came the Lee Commission in 1923. As a result of its deliberations, certain concessions were announced and the Secretary of State for India in making an offer of the Lee Commission's concessions to the South Indian Railway officers, addressed a letter to the Home Board of the South Indian Railway on 30th June, 1925, and sent along with the letter, a copy of the Statutory Rules and a statement of concessions granted to the officers of the State Railway.

Concessions A(3) and A(4) of the statement assume that overseas pay can be drawn by certain officers of Asiatic domicile. Rules 3 and 5 of the Statutory Rules confirm the Government of India's order, under which Indian officers already in service were to get special pay corresponding in amount to the overseas pay sanctioned to officers of non-Indian domicile. The Home Board accepted the offer in its entirety.

Thereupon, the Railway Board, in their letter of the 14th February, 1926, to the Agent of the South Indian Railway communicated sanction of the concessions, and in paragraph 3 of their letter stated as follows:

"Existing incumbents of Asiatic domicile will be allowed to continue to draw their present scales of pay, etc., but future entrants of Asiatic domicile will be restricted to basic pay only and will not be eligible for any overseas pay."

This specific provision is thus clearly meant for the four Indian officers who were in service prior to the consideration of the question of overseas pay. But even these four officers have been denied the equivalent pay and it may be noted that the expenditure involved by the grant of this concession was not appreciable. In spite of these concessions, the Indian officers have, after reaching the maximum of their Assistants grade, been acting or are confirmed in the district grade, but without getting the sanctioned overseas allowance. The Home Board, therefore, has gone back on its own orders which it communicated in their letter dated the 12th April, 1922, and which are in unequivocal terms expressed as follows:

"The Board are pleased to rule that Indian officers in the service of the South Indian Railway Company at the time of introduction of the new scale shall receive with effect from 1st January, 1920, special allowances corresponding in amount to the overseas allowance drawn by an officer on non-Indian scale."

So, in working out the concessions of the Lee Commission, these officers who once got the allowances in addition to basic salary have been deprived of the same.

All the other Company-worked Railways, with the solitary exception of the South Indian Railway, have sanctioned this overseas allowance, and the Railway Board, as I have already submitted, sanctioned the same in the orders contained in paragraph 3 of their letter dated the 14th February, 1926, already referred to. But, the Board have failed to notice that such orders have not been carried out in the case of the South Indian Railway. I may say that this is a case of "undue preference" referred to under paragraph 32 of the South Indian contracts and working agreements with the Secretary of State. This inequality can and should be immediately remedied.

[Mr. Varahagiri Venkata Jogiah.]

Generally, two reasons are given for the treatment accorded to these Indian officers. One is, that the acting allowance rules on the South Indian Railway are more liberal than those of the Government. This is not a fact. The acting allowance rules, as a matter of fact, are not more liberal on the South Indian Railway than those on the State and other Railways. Moreover, the rules are more liberal to European officers and not to Indian officers. Indian officers of the rank of Assistants and drawing the maximum pay in that grade draw the same pay when promoted to the next higher or district grade, whereas the European officers draw at least twenty-five per cent. extra allowances in similar circumstances. This, surely, is no equal treatment. The second reason given is that the rules in force at the time when the Lee concessions were introduced precluded Indian officers from drawing the allowance granted under the concessions when promoted to the higher grades. This is again, Sir, based on a misconception and misunderstanding of the rules. The rules in force referred to are those introduced by the Home Board, and not by the Railway Board. The acceptance of the conditions attached to the Lee concessions cancel or supersede all rules and orders previously existing. If this is not so, why did the Railway Board expressly stipulate the conditions in regard to clause 3 of the concessions forwarded to them, and what is the meaning of the Railway Board accepting the same? I submit that this is sheer injustice to allow these concessions only to Europeans and not to Indian officers, and I urge on the Railway Board to set right this grave wrong done to the Indian officers and extend to them the same privilege that is enjoyed by the European officers and thus redeem the pledges given by the Home Board and the Railway Board.

There is one other point which I wish to speak about and that relates to the working expenses of the Railway Company, and that is with respect to the wooden sleepers that are supplied to the Railway Company. I understand that.

Mr. President: That is a very big subject.

Mr. Varahagiri Venkata Jogiah: I shall continue in the afternoon.

Mr. President: In the afternoon?

Mr. Varahagiri Venkata Jogiah: Thank you, Sir.

Mr. President: No, not in the afternoon.

Mr. Varahagiri Venkata Jogiah: Then the day after to-morrow.

The Assembly then adjourned for Lunch till Twenty-Five Minutes to Three of the Clock.

The Assembly re-assembled after Lunch at Twenty-five Minutes to Three of the Clock, Mr. President in the Chair.

Mr. Muhammad Yamin Khan (United Provinces: Nominated Non-Official): Sir, I join in congratulating the Government for having framed a good Budget. But at the same time I want to take a few minutes in pointing out something and to place those suggestions for the favourable consideration of the Honourable Member in charge. I shall deal, Sir, only

with the United Provinces. I am glad that the few suggestions, which I made several years ago and which I had been making every year thereafter, have been accepted by the Government as regards certain lines. But unfortunately certain lines of vital importance have not been taken up this year. They have been put off till 1931-32 for survey and 1932-33 for construction. These lines are very important not only for passengers but also for goods. The agricultural population of many districts cannot send their goods to the markets and they are hampered in their trade by not having any railway lines in these places. That is why I ask the Honourable Member now to take up the survey of these lines earlier than 1931-32 and construct them before 1932. It is proposed that one branch should go from Shikohabad *via* Etah to Kasganj and then pass on to Debai and from Debai to Gurmukhteswar and from Gurmukhteswar to Roorkee—that I cannot understand

Mr. Vidya Sagar Pandya (Madras: Indian Commerce): On a point of order, Sir. Have we got a quorum in the House?

Mr. President (After counting the Members present): If Honourable Members do not care to attend I cannot help it; the House stands adjourned till to-morrow morning at 11 o'clock.

The Assembly then adjourned till Eleven of the Clock on Thursday, the 23rd February, 1928.