

Thursday, 16th February, 1933

THE  
COUNCIL OF STATE DEBATES

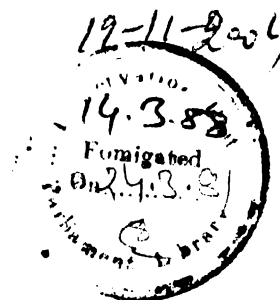
VOLUME I, 1933

*(16th February to 15th April, 1933)*

FIFTH SESSION

OF THE

THIRD COUNCIL OF STATE, 1933



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# CONTENTS.

	PAGES,
<b>Thursday, 16th February, 1933—</b>	
Members Sworn . . . . .	1
Notification of the appointment of the Honourable Sir Maneckji Dadabhoy as President of the Council of State . . . . .	1
Congratulations to the Honourable the President . . . . .	2—5
Questions and Answers . . . . .	6—13
Statement laid on the table . . . . .	13
Messages from His Excellency the Governor General . . . . .	14
Committee on Petitions . . . . .	15
Governor General's Assent to Bills . . . . .	15
Bills passed by the Legislative Assembly laid on the table . . . . .	15
Congratulations to recipients of Honours . . . . .	16—17
Negotiable Instruments (Amendment) Bill—Introduced . . . . .	17
Presentation of the Railway Budget for 1933-34 . . . . .	18—24
Death of Sardar Bahadur Shivdev Singh Uberoi . . . . .	24—25
Statement of Business . . . . .	25
<b>Saturday, 18th February, 1933—</b>	
Questions and Answers . . . . .	27—50
General Discussion of the Railway Budget . . . . .	51—70
<b>Monday, 20th February, 1933—</b>	
Questions and Answers . . . . .	71—73
Statement laid on the table . . . . .	73—74
Motion for the election of three Members to the Standing Committee for Roads—Adopted . . . . .	75
Motion for the election of six non-official Members to the Central Advisory Council for Railways—Adopted . . . . .	75
Indian Marine (Amendment) Bill—Considered and passed . . . . .	75—78
Negotiable Instruments (Amendment) Bill—Considered and passed . . . . .	78—80
Children (Pledging of Labour) Bill—Considered and passed . . . . .	81—84
Indian Forest (Amendment) Bill—Considered and passed . . . . .	84
<b>Tuesday, 21st February, 1933—</b>	
Member Sworn . . . . .	85
Resolution re Purchase of stores through the Indian Stores Department—Withdrawn . . . . .	85—93
Resolution re Restoration of the cut in salaries only when the surcharge of 25 per cent. is abolished—Negatived . . . . .	93—100
Statement of Business . . . . .	100
<b>Tuesday, 28th February, 1933—</b>	
Member Sworn . . . . .	101
Ottawa Trade Agreement Rules, 1932, laid on the table . . . . .	101—09
Presentation of the General Budget for 1933-34 . . . . .	110—19
Nominations for election to the Standing Committee for Roads . . . . .	119
Nominations for election to the Central Advisory Council for Railways . . . . .	119—20
Statement of Business . . . . .	120

	PAGES.
<b>Saturday, 4th March, 1933—</b>	
Questions and Answers . . . . .	121—42
Motion for the election of four non-official Members to the Standing Committee on Emigration—Adopted . . . . .	142
Motion for the election of two non-official Members to the Standing Committee to advise on subjects, other than "Indians Overseas—Emigration" and "Haj Pilgrimage" dealt with in the Department of Education, Health and Lands—Adopted. . . . .	142
General Discussion of the General Budget . . . . .	142—206
<b>Monday, 6th March, 1933—</b>	
Questions and Answers . . . . .	207—17
Short Notice Question and Answer . . . . .	217
Congratulations to His Excellency the Commander-in-Chief on his promotion to the rank of Field Marshal . . . . .	218
Resolution <i>re</i> Reference of important Government Bills to joint select committees of both Chambers—Negatived . . . . .	219—25
Resolution <i>re</i> Increase in the present number of cadets annually admitted to the new Indian Military Academy, Dehra Dun—Negatived . . . . .	226—33
<b>Wednesday, 8th March, 1933—</b>	
Questions and Answers . . . . .	235—37
Resolution <i>re</i> Telegraph poles—Adopted . . . . .	237—44
Resolution <i>re</i> Representation of the Council of State on the Indian Delegation to the Joint Select Committee of Parliament—Withdrawn . . . . .	244—53
Election of four Members to the Standing Committee on Emigration . . . . .	253
Election of two non-official Members to the Standing Committee for the Department of Education, Health and Lands . . . . .	254
Statement of Business . . . . .	254
<b>Monday, 13th March, 1933—</b>	
Questions and Answers . . . . .	255—75
Resolution <i>re</i> Papers of the third Round Table Conference and White Paper to be laid on the table—Withdrawn . . . . .	276—78
Resolution <i>re</i> Scales of pay and allowances of future entrants to the Superior Services—Negatived . . . . .	278—88
<b>Wednesday, 15th March, 1933—</b>	
Resolution <i>re</i> (1) Withdrawal of the notification exempting salaries from Indian income-tax and (2) imposition of Indian income-tax on Indian sterling loans—Negatived . . . . .	289—302
Resolution <i>re</i> Grant of a lump sum gratuity to families of non-gazetted Government servants who die while in service—Withdrawn . . . . .	303—11
Resolution <i>re</i> Preference to Indian steamship companies for the carriage of mails on the coast—Withdrawn . . . . .	311—18
Resolution <i>re</i> Abolition or reduction in the posts of commissioners of divisions—Negatived . . . . .	318—35
Resolution <i>re</i> Withdrawal or reduction of the surcharge on the carriage of coal—Withdrawn . . . . .	335—45
<b>Monday, 20th March, 1933—</b>	
Questions and Answers . . . . .	347—50
Legal Practitioners Amendment Bill—Introduced . . . . .	350
Resolution <i>re</i> Amendment of the Imperial Bank Act, 1920 (XIV of 1920)—Negatived . . . . .	361—35

**Monday, 20th March, 1933—*contd.***

Resolution <i>re</i> Appointment of a Committee to enquire into and report on the working of and results achieved from the Ottawa Agreement—Adopted, as amended . . . . .	865—69
Resolution <i>re</i> Reduction of sterling commitments and replacement thereof by rupee commitments—Adopted . . . . .	869—73
Resolution <i>re</i> Increased seats for landlords in the reformed central and provincial Legislatures—Withdrawn . . . . .	373—76
Statement of Business . . . . .	377

**Wednesday, 22nd March, 1933—**

Member Sworn . . . . .	379
Questions and Answers . . . . .	379—82
Bills passed by the Legislative Assembly laid on the table . . . . .	382
Motion <i>re</i> Amendment of Standing Orders 22 and 54 of the Council of State—Negatived . . . . .	382—88
Motion <i>re</i> Amendment of Standing Orders 16 and 70 of the Council of State—Negatived . . . . .	388—97
Ballot for the election of three Members to the Standing Committee for Roads . . . . .	397
Ballot for the election of six non-official Members to the Advisory Council for Railways . . . . .	397
Statement of Business . . . . .	397—98

**Friday, 24th March, 1933—**

Cotton Textile Industry Protection (Amendment) Bill—Considered and passed . . . . .	399—403
Wheat Import Duty (Extending) Bill—Considered and passed . . . . .	403—12
Elections to the Standing Committee for Roa's and the Central Advisory Council for Railways . . . . .	412—13
Statement of Business . . . . .	413

**Monday, 27th March, 1933—**

Questions and Answers . . . . .	415—19
Statements laid on the table . . . . .	419—41
Bill passed by the Legislative Assembly laid on the table . . . . .	442
Motion <i>re</i> Consideration of the White Paper on Indian Constitutional Reforms— <i>not concluded</i> . . . . .	442—72

**Tuesday, 28th March, 1933—**

Questions and Answers . . . . .	473—75
Motion <i>re</i> Consideration of the White Paper on Indian Constitutional Reforms . . . . .	475—513
Statement of Business . . . . .	513
Appendix . . . . .	514

**Wednesday, 29th March, 1933—**

Member Sworn . . . . .	515
Bill passed by the Legislative Assembly laid on the table . . . . .	515
Salt Additional Import Duty (Extending) Bill—Considered and passed . . . . .	515—23
Statement of Business . . . . .	523—24

**Friday, 31st March, 1933—**

Indian Finance Bill, 1933—Considered and passed . . . . .	525—67
Statement of Business . . . . .	567

	PAGES.
<b>Wednesday, 5th April, 1933—</b>	
Questions and Answers . . . . .	569—73
Statement laid on the table . . . . .	573
Bill passed by the Legislative Assembly laid on the table . . . . .	573
Statement of Business . . . . .	573—74
<b>Friday, 7th April, 1933—</b>	
Indian Tariff (Ottawa Trade Agreement) Supplementary Amendment Bill—Considered and passed . . . . .	575—78
Statement of Business . . . . .	578
<b>Saturday, 8th April, 1933—</b>	
Question and Answer . . . . .	579
Statement laid on the table . . . . .	579—82
Bills passed by the Legislative Assembly laid on the table . . . . .	582
<b>Monday, 10th April, 1933—</b>	
Provincial Criminal Law Supplementing Bill—Considered and passed . . . . .	583—90
Auxiliary Force (Amendment) Bill—Considered and passed . . . . .	591—92
Statement of Business . . . . .	592
<b>Tuesday, 11th April, 1933—</b>	
Short Notice Question and Answer . . . . .	593—94
Bill passed by the Legislative Assembly laid on the table . . . . .	594
Statement of Business . . . . .	594
<b>Wednesday, 12th April, 1933—</b>	
Bill passed by the Legislative Assembly laid on the table . . . . .	595
<b>Saturday, 15th April, 1933—</b>	
Indian Merchant Shipping (Amendment) Bill—Considered and passed . . . . .	597—606
Indian Income-tax (Amendment) Bill—Considered and passed . . . . .	606—14
Safeguarding of Industries Bill—Considered and passed . . . . .	614—20
Indian Tariff (Amendment) Bill—Considered and passed . . . . .	626—27

THE

# COUNCIL OF STATE DEBATES

(OFFICIAL REPORT OF THE FIFTH SESSION OF THE THIRD  
COUNCIL OF STATE.)

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VOLUME I—1933.

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## COUNCIL OF STATE.

*Thursday, 16th February, 1933.*

The Council met in the Council Chamber of the Council House in New Delhi at Eleven of the Clock, being the first day of the Fifth Session of the Third Council of State, pursuant to section 63D (2) of the Government of India Act. The Honourable the President (the Honourable Sir Maneckji Dadabhoy, K.C.I.E., Kt., Bar.-at-Law) was in the Chair.

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### MEMBERS SWORN :

The Honourable Sir Guthrie Russell, Kt. (Chief Commissioner of Railways).

The Honourable Sir Charles Watson, K.C.I.E., C.S.I. (Political Secretary).

The Honourable Khan Bahadur Sheikh Maqbul Husain, C.I.E. (United Provinces : Nominated Non-Official).

The Honourable Maharajadhiraja Sir Kameshwar Singh, K.C.I.E., of Darbhanga (Bihar and Orissa : Nominated Non-Official).

The Honourable Mr. James Braid Taylor, C.I.E. (Finance Secretary).

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### NOTIFICATION OF THE APPOINTMENT OF THE HONOURABLE SIR MANECKJI DADABHOY AS PRESIDENT OF THE COUNCIL OF STATE.

THE HONOURABLE THE PRESIDENT: Honourable Members, in conformity with the previous practice, I will ask the Secretary to read the Notification of my appointment as President of the Council of State.

SECRETARY OF THE COUNCIL: Notification of the Government of India in the Legislative Department, No. F. 395/32-C. & G., dated the 21st December, 1932 :

"In exercise of the power conferred by sub-section (2) of section 63A of the Government of India Act, the Governor General is pleased to appoint the Honourable Sir Maneckji Byramji Dadabhoy, K.C.I.E., Kt., being a Member of the Council of State, to be President of the said Council of State."

## CONGRATULATIONS TO THE HONOURABLE THE PRESIDENT.

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN (Leader of the House): Sir, may I on behalf of the House tender you most hearty congratulations on your being the first non-official President of this House? This is in the history of this House an epoch-making event and it is, Sir, as I shall presently show, a fitting recognition of your career—a career devoted to public service which has extended over very nearly half a century. It was, Sir, in 1887 that you were called to the Bar and on returning to Bombay resumed practice there and soon felt that your energies needed some outlet other than your professional work and you began with being a member of the Bombay Corporation in 1888. When you, two years later, moved from Bombay to the Central Provinces you soon rose in your professional circle and were appointed Government Advocate. You were not satisfied with your professional work only. You extended your legal efforts to writing commentaries on most interesting subjects like Land laws and Tenancy laws. I have no doubt, Sir, you found them interesting but not possibly as remunerative as the next goal of your efforts—industrial enterprise. You believed not in talking but in working, not in laying down the law but in showing actually by results what can be achieved by an Indian who is keenly alive to the industrial requirements of his country. Before very long, Sir, to your professional work you added the still more interesting work of looking after mills, collieries, mines, factories, institutions of all sorts, and your efforts were not limited to the Central Provinces. You had them established all over India. Thus having shown by practice what can be achieved in the industrial line it was but natural that you should have been asked to preside over the Industrial Conference of your own province and that you did in 1907. That your reputation as a great and successful industrialist had gone beyond your own province was proved when four years later you were asked to preside over the Industrial Conference at the great City of Calcutta. One might have thought, Sir, that having shown what can be done in the industrial world, you would be satisfied. But the versatility of your genius and the inexhaustible energy with which Providence had endowed you would not let you be satisfied with that. From industrial enterprise you proceeded to what only advanced scholars and workers in industrialism resort to, namely, Finance, and it was but natural that you should have been appointed Governor of the Imperial Bank of India. Later on, your great knowledge of finance had singled you out to be appointed a Member of the Indian Fiscal Commission and still later on as a Member of the Royal Commission on Indian Currency and Exchange. That shows, Sir, that you not only in the profession of law and of industrialism but also in high finance achieved a success on which any one might well be congratulated. Still, these three great domains of human activities were not enough to absorb all your energies and you found time to devote to politics, beginning with local self-government, and proceeding on to the legislatures of your country. For 30 years you remained a member of the Municipal Board of Nagpur and along with it you were for a long time a Member of the Old Imperial Legislative Council, elected in 1912, sometimes nominated, again elected. You were among the first elected Members of this Council of State, and all the time this Council has been in existence you have been, Sir, its Member. So, the versatility of your career, if I may say so, is very remarkable indeed. It is not that you only occupied yourself with these four departments of activities. You achieved marked success in every one.

of them. I might add, Sir, that a great deal of the success was no doubt due to the fact that you began your career as a lawyer, and I have no doubt that the training thus afforded enabled you in every activity you resorted to to distinguish yourself, and it is also to be noted that your efforts were never limited to your own province but always assumed an all-India aspect. After this, is it necessary for me, Sir, to say, endowed as you have been from the very beginning with social gifts of a very high order, a charm that comes from travelling a great deal, and another gift again from Providence, the gift of a good health which enabled you no doubt to do all this great work—equipped as such, it is but natural that you should have risen to the exalted office which you now occupy. Having been, so to speak, a foundation Member of this Council, it is but natural that you should expect from every nook and corner of this House that ready co-operation which is so essential for the discharge of the onerous duties of your exalted office. I have no doubt, Sir, that you can count upon that ready co-operation and I have no doubt the House can also count upon you to be the best possible custodian of its dignity and of its privileges. I, Sir, wish you on behalf of the House a remarkably successful term of office as President of this House. (Applause)

**THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS** (Punjab : Non-Muhammadan) : Sir, on behalf of myself and on behalf of the Progressive Party in this House and as an old friend of yours, I congratulate you heartily and welcome you to your present office. I rejoice that you are the first non-official Indian President of our Council. I have no doubt that under your regime you will allow full freedom of discussion and give all opportunities to Members to express their views. Your long association with this House and the old Imperial Legislative Council and your vast experience will certainly lead you to success. We wish, Sir, that there ought to be more uniformity in the practice and procedure of the two Houses of the Central Legislature. The Honourable the Leader of the House has not left much for me to say, so I fully endorse what he has said and close my remarks with a wish that your regime may be a remarkable success.

**THE HONOURABLE MR. MAHMOOD SUHRAWARDY** (West Bengal : Muhammadan) : Sir, on behalf of myself and of the Party to which I belong; I associate myself with the sentiments which have been given utterance to by the Leader of the House and by others who preceded me and congratulate you most heartily on your elevation to the exalted office of President of this House of elder statesmen of India. Sir, in making your choice for this highly honourable but extremely onerous position, His Excellency Lord Willingdon has not only shown sound judgment and discernment but has met the universal wish and desire of all your colleagues in this House and of the thoughtful leading men of this great country. I have known you, Sir, so long and derived instruction and enjoyment from so many of your brilliant speeches that I look upon your elevation to the Chair of this House with peculiar pleasure. Sir, behind you, you have a public career of which any man in any country may be proud. In front of you lies a career of which many a Parliamentary President must envy. I feel sure, Sir, that your great knowledge of law, your vast experience in politics and all practical things of life, your nobility of heart and your firmness of mind, your spirit of independence which have characterised your public and private life, will help in building up the tradition of this House and in enhancing its dignity and prestige in the same manner as your distinguished, noble predecessor has done. Sir, I shall conclude by



[ Mr. Mahmood Suhrawardy. ]

once again sincerely congratulating you and wishing you a very long and honourable public career in the Chair.

THE HONOURABLE MR. G. A. NATESAN (Madras : Nominated Non Official) : Sir, after the exhaustive and highly appreciative account of your career which has just been given to us by the Honourable the Leader of the House and the remarks which subsequent speakers have made, little need be said of your past career. I feel, Sir, a special sense of satisfaction in finding you in the Chair today. During the debate on the retrenchment motion raised by my Honourable friend, Mr. Hossain Imam, I ventured to throw out a suggestion which was not looked upon quite with favour at that time, that it was high time a non-official President was asked to preside over the deliberations of this House. I am glad my wish has been fulfilled and that your election has been a source of satisfaction to all sections of the House. I would like to conclude with one observation. I trust that during your regime, consistent with the prestige and dignity of this House, full freedom and fair opportunities will be vouchsafed to all who may have their views to propound in this House, and that this House will become a real live second Chamber.

THE HONOURABLE MR. E. MILLER (Bombay Chamber of Commerce) : Sir, I am very proud to be here on this historical occasion. It was indeed a very wise decision of His Excellency the Viceroy when he decided to select our new President from amongst us and a happy choice when he selected you, Sir. You are one of the most popular and esteemed Members of this House and we are proud to see you in the presidential Chair. You may, I am sure, count on all the House giving you their full and loyal support. You have vast experience, Sir, considerable knowledge of the world's affairs and much patience when listening to views of others. I hope that this House will not abuse that courtesy on your part. I have only to conclude by offering you on behalf of my community and myself hearty congratulations, and I hope that you will occupy the Chair for many years to come.

THE HONOURABLE DIWAN BAHADUR G. NARAYANASWAMI CHETTI (Madras : Non-Muhammadian) : Sir, I have very great pleasure in conveying to you my most heartfelt congratulations on the high honour conferred on you by His Excellency the Viceroy. His Excellency has earned the gratitude of one and all in this House in nominating you and I can say that there could not have been a better selection than your goodself. Your public career is a bright record, as my respected Leader has just mentioned. He has exhausted reference to all that you have done, both as an industrialist and as a Member of this House. He also mentioned the long connection you had with the Imperial Legislative Council from the time of Lord Minto. That shows that at every stage, both as an elected Member of this House and as a nominated Member, you have left your mark upon affairs. I may tell you that when I saw the announcement in Madras it gave me real pleasure that His Excellency had thought of you. I know that you have accepted the office at a great sacrifice from the business point of view. But public duty has called you and you have responded to the call of His Excellency the Viceroy, for which we Honourable Members congratulate you. Sir, I take a great pride in being present at the opening of this session just to congratulate you. As I told you, it gives me great pleasure and it is a great honour conferred by the Viceroy in selecting one of the Members of this House to occupy the Chair. Sir, you are one of the independent and fearless speakers in this House. You never have cared for cheap applause and have never hesitated to disagree with

many of us. That shows that you have always spoken in this House what you felt was right. I shall not take up any more time of the House and will conclude by congratulating you again most heartily on the high honour conferred on you and pray that you may enjoy happiness and a long life.

**THE HONOURABLE THE PRESIDENT :** I am feeling very uncomfortable and I hope my Honourable colleagues will save me further blushes.

The Honourable the Leader of the House and Honourable colleagues, I have been greatly touched with the hearty and cordial welcome which this House has so kindly extended to me this morning, the first occasion on which I am presiding over its deliberations. I really do not know how to thank you all for all the nice and kind things you have said of me this morning. I feel I am really not worthy of all that you have so generously said. I beg, however, to offer you all my sincere, heartfelt and dutiful thanks. I have accepted the office of President of the Council of State at the invitation of His Excellency the Governor General as I have felt it a call of duty and service, and because I also fully realised that the main object of His Excellency the Governor General in making my appointment was to do honour to the non-official Members of the Council of State, who in the past have played such an important part in the Indian Legislature and who by the exercise on many momentous occasions of prudence, commonsense, sound and sober judgment, have fully justified the creation of this Upper Chamber. You are all aware that His Excellency has taken a keen and genuine interest in the speedy establishment of the new reformed constitution and has already taken one more important step in advance by the appointment of an Indian non-official Member to preside over the deliberations of this Chamber and has thus given tangible proof of his sympathy and goodwill towards the forthcoming constitutional changes. Honourable Members, how far His Excellency's choice will be justified will depend on you, especially the non-official Members, and on myself. A new President must necessarily view his duties with a certain measure of apprehension, misgiving and anxiety. I am fully conscious of my own shortcomings and limitations, but I am emboldened by the feeling that I am still amongst many of my old and kind friends with whom I have been closely associated in this Chamber for a number of years and the consideration and support which I have invariably received from many of you will fortify and encourage me to face the new responsibilities of my office with confidence. I assure you, Honourable Members, that I shall endeavour my very best to follow in the footsteps of my distinguished predecessors and perform my duties impartially, conscientiously and patiently and I will also do my utmost to maintain unimpaired the dignity of this Council, its rights and its privileges and the high traditions of my office. (Applause.) But for the successful and satisfactory performance of my task I shall have to depend on your unstinted co-operation, your goodwill and your constant sympathy and I am very pleased to know that the Honourable the Leader of the House has so kindly vouchsafed that measure of co-operation to me which was extended to my predecessors in office. I would also respectfully, yet earnestly, request my non-official colleagues to kindly bear in mind that my success will be your success and the success we jointly make of this new experiment. I will not detain the Council any further as we have a considerable amount of work to do this morning. I will only conclude by saying that Providence may in its benevolence help me to prove myself worthy of the great trust and confidence reposed in me by His Excellency the Governor General and the many kindly sentiments to which you have given expression this morning on this important occasion on which I have the privilege and good fortune to occupy the presidential Chair for the first time. (Applause.)

## QUESTIONS AND ANSWERS.

### INCOME-TAX AND SUPER-TAX IN THE PUNJAB.

1. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Will Government kindly state :

1. How much (a) income-tax and (b) super-tax was assessed in the Punjab in the year 1930-31 ?

2. How much under each of the above two heads was assessed community-wise on (a) Hindus, (b) Sikhs, (c) Muhammadans and (d) others ?

THE HONOURABLE MR. J. B. TAYLOR : 1. (a) Rs. 54,40,442.

(b) Rs. 3,96,368.

2. The required information cannot be supplied as payments of tax are not classified according to the community to which a tax-payer may belong.

2. (For this question and answer thereto, see after question No. 7.)

### SURCHARGE ON FREIGHT LEVIED ON STEAM COAL AND HARD COKE.

3. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Will Government kindly state :

(i) The total quantity of steam coal and hard coke carried by the Indian Railways and the amount of surcharge on freight levied upon it in each year since its levy (a) on carriage of total distances of 1,000 miles and over, (b) on carriage of total distances of 500 miles and over, (c) on carriage of total distances of 150 miles and over, (d) under 150 miles ?

(ii) Does Government intend to withdraw this surcharge ? If so, when, and from what date ?

THE HONOURABLE SIR GUTHRIE RUSSELL : (i) I have asked the Agents, Bengal Nagpur, East Indian and Great Indian Peninsula Railways for figures showing the earnings and total tonnage of public coal, subject to the 15 per cent. surcharge during the months of 1st February, 1932 to 31st January, 1933, and will place the information when received on the table of the House.

Figures by zones are not maintained by the Railways.

(ii) There is no intention at present of withdrawing the surcharge.

### RESTORATION OF THE CUT ON SALARIES.

4. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Will Government kindly state their decision as regards the restoration of the 10 per cent. cut on salaries of public services ?

THE HONOURABLE MR. J. B. TAYLOR : The Honourable Member's attention is invited to the press communiqué on the subject, dated the 3rd February, 1933.

**FREIGHT WAR IN COASTAL TRAFFIC.**

5. **THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS :** With reference to the reply to my question No. 170 on the 8th December, 1932, will Government kindly state whether they have decided to put an end to the freight war that is waging in coastal sea freight between the indigenous Indian shipping companies and the foreign shipping companies ? If so, how ? If not, when is a decision likely ?

**THE HONOURABLE MR. J. C. B. DRAKE :** The matter is still under the consideration of the Government of India and it is not possible to say when a decision will be reached.

**THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS :** How long will it take Government to come to a decision ? Will they wait so long till the present indigenous companies are forced to liquidation ?

**THE HONOURABLE MR. J. C. B. DRAKE :** I have already said that I am afraid it is not possible yet to say when a decision will be reached.

**REDUCTION IN TAXATION.**

6. **THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS :** Will Government kindly state when they intend to lighten the burden of heavy taxation on the tax-payer and what reductions are proposed ?

**THE HONOURABLE MR. J. B. TAYLOR :** I would ask the Honourable Member to wait until I make the usual budget statement.

**LOAN OPERATIONS.**

7. **THE HONOURABLE MR. HOSSAIN IMAM :** Will Government give the following information about their loan operations during the year 1932-33 :

- (a) the amounts and rates of interest of the loans paid,
- (b) the amount and rate of interest of loans taken,
- (c) the redemption yield on payment of old loans,
- (d) the redemption yield on terms offered by Government on new loans, and
- (e) the redemption yield on Exchange quotation of 11th February, 1933, for the new loans ?

**THE HONOURABLE MR. J. B. TAYLOR :** (a) The rupee loan due for discharge in the year was the 6 per cent. tax-free issue, the amount outstanding being Rs. 1,17,27,000. Rupee Bonds to the extent of Rs. 10,42,69,500 in the 1933 issue and Rs. 9,94,80,000 in the 1933-36 issue were repaid by conversion. Under our recent Notification of 24th January, 1933, holders of 1933 and 1933-36 Bonds and War Loan of 1929-47 can now convert into the 4 per cent. Loan 1960-70. The final amount of the loans discharged cannot be furnished until the loan closes at the end of this month. As regards sterling loans, India 6 per cent. Bonds of £4,706,600 were discharged in the half-year ending 30th September, 1932.

(b) The loans raised in 1932-33 are as follows :

Rupce loans.	Issue price.	Amount.
5½% Loan, 1938-40 . . . . .	Rs. 98	19,13,89,300
5% Loan, 1940-43 . . . . .	98	25,18,46,800
4% Bonds, 1943 . . . . .	98	15 crores.
4% Loan, 1960-70 . . . . .	for conversion as stated in (a).	

**Sterling loans.**

5% Stock, 1942-47 . . . . .	£95%	£10,000,000
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(c) The question is not quite understood. The redemption yield on loans discharged at par must be the nominal rate of interest.

(d) and (e). The redemption yields are as follows :

	At time of issue.	According to market quotation of 11th February, 1933.
5½% 1938-40 Loan . . . . .	5·806	4·413
5% 1940-43 . . . . .	5·240	4·321
4% 1943 . . . . .	4·238	3·920
4% 1960-70 . . . . .	Still under issue.	4·3

**THE HONOURABLE MR. MAHMOOD SUHRAWARDY:** As Khan Bahadur Hafiz Muhammad Halim is suffering from asthma, may I have the liberty and your permission to put question No. 2 on his behalf ?

**THE HONOURABLE THE PRESIDENT:** The Honourable Member will please bear in mind that it is the usual practice that the question must be put at the proper time and in the order on the list of business. However, I shall allow, as a special case on this occasion, the Honourable Member to put the question, but I trust that this occasion will not be used as a precedent.

**APPOINTMENT OF MUSLIMS AS TRADE COMMISSIONERS.**

**2. THE HONOURABLE MR. MAHMOOD SUHRAWARDY** (on behalf of the Honourable Khan Bahadur Hafiz Muhammad Halim): 1. Will Government state the dates on which and places in which Trade Commissioners have been appointed abroad ?

2. Is it a fact that no Muslims have been appointed to any of these posts ?

3. Is the principle of representation of Muslims applicable to these posts ?

4. Have Government considered the necessity of appointing a Trade Commissioner at New York ?

5. Have Government considered the advisability of appointing a Muslim as Trade Commissioner at New York ?

**THE HONOURABLE MR. J. C. B. DRAKE:** 1. There are only two Trade Commissioners at present, one in London and the other at Hamburg. The former was appointed on the 8th October, 1917 and the latter on the 1st March, 1931.

2. Neither of the two existing appointments is held by a Muslim.

3. The claims of Muslim candidates to appointments in this branch of the public service have been, and will in future be, carefully considered.

4. and 5. The sanctioned scheme includes an appointment at New York, but owing to the necessity for stringent economy in expenditure, the Government have been compelled to postpone the making of further appointments of this nature for the present.

**THE HONOURABLE MR. HOSSAIN IMAM:** Does the appointment of a Trade Commissioner increase or decrease trade ?

**THE HONOURABLE MR. J. C. B. DRAKE:** That, Sir, is a matter of opinion.

#### GOLD IN THE GOLD STANDARD RESERVE.

8. **THE HONOURABLE MR. HOSSAIN IMAM:** What was the amount of gold in the Gold Standard Reserve in England on the 31st December, 1930 and 31st December, 1932 ; and how is the decrease, if any, accounted for ?

**THE HONOURABLE MR. J. B. TAYLOR:** The amount of gold in the Gold Standard Reserve in England on both the dates was 2,152,334 sovereigns.

#### TRANSFER OF GOLD FROM THE GOLD STANDARD RESERVE TO THE PAPER CURRENCY RESERVE.

9. **THE HONOURABLE MR. HOSSAIN IMAM:** (a) Is it a fact that in 1933 nearly 6·77 crores rupees worth of gold has been transferred from the Gold Standard Reserve to the Paper Currency Reserve ? If so, when ?

(b) How was the resultant deficit in the Gold Standard Reserve made up ?

(c) What was the balance with the Secretary of State previous to this transfer ?

(d) How has this sum of more than £5,000,000 been invested, and at what rates of interest ?

(e) Will Government explain fully the reason of transfer ?

**THE HONOURABLE MR. J. B. TAYLOR:** (a) Yes, on 7th January, 1933.

(b) By the transfer of sterling securities held by the Secretary of State in his treasury balances.

(c) About £19 millions at the end of December, 1932.

(d) In sterling treasury bills at the current rates prevailing in the London market.

(e) The object was to strengthen the external reserves of the Indian Paper Currency.

#### CONVERSION LOAN.

10. **THE HONOURABLE MR. HOSSAIN IMAM:** Will Government inform the House of the result of the conversion loan up to the 15th February, 1933 ?

**THE HONOURABLE MR. J. B. TAYLOR :** An official communiqué issued yesterday stated that the figure was approximately 12 crores up to the 14th February, 1933. Government do not like to publish the figures too frequently because the figures cannot be accurately ascertained, but since the Honourable Member has asked for the figures up to the 15th, I can tell him that they amount to approximately 13½ crores up to the 15th.

#### 1960-70 LOAN.

**11. THE HONOURABLE MR. HOSSAIN IMAM :** Under what head is the bonus for the new 1960-70 loan to be accounted ? Is it to be debited to capital or to revenue ?

**THE HONOURABLE MR. J. B. TAYLOR :** The amount will be debited to a suspense head and will be written off to revenue in instalments during the period of the currency of the loan.

#### COST OF THE CAPITATION RATE TRIBUNAL.

**12. THE HONOURABLE MR. HOSSAIN IMAM :** Will Government state the cost to India of the Capitation Tribunal showing separately the cost on personnel, counsel and officials ?

**HIS EXCELLENCY THE COMMANDER-IN-CHIEF :** We still have not got all the details, but I understand that the Secretary of State has asked for a grant of £7,875 to cover that portion of the expenditure incurred in England which is debitable to Indian revenues ; and that in addition a supplementary grant not exceeding Rs. 10,000 will be required to cover expenditure incurred in India.

#### CASE LAID BEFORE THE CAPITATION RATE TRIBUNAL ON BEHALF OF THE GOVERNMENT OF INDIA.

**13. THE HONOURABLE MR. HOSSAIN IMAM :** Will Government now reply in detail to my question No. 146 of the 29th November, 1932, regarding the case of the Government of India about Capitation ?

**HIS EXCELLENCY THE COMMANDER-IN-CHIEF :** The report of the Tribunal was presented on the 17th January and is now receiving the consideration of His Majesty's Government. In these circumstances it is still inappropriate to give the details asked for by the Honourable Member in his original question No. 146 of 1932.

#### MURAL DECORATIONS IN THE BALL ROOM OF THE VICEROY'S HOUSE, NEW DELHI.

**14. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE :**  
1. Have mural decorations based on an oriental theme been inserted recently in the ceiling of the Ball Room of the Viceroy's House, New Delhi ? If so, what was the cost ?

2. Is it a fact that the artist was a non-Indian ? If so, will Government be pleased to state why, in view of the assurance given by the Honourable Mr. Shillidy on behalf of Government in the Council of State in March, 1932, in connection with Sir Phiroze Setna's resolution regarding mural decorations by Indian artists, a non-Indian artist was commissioned for the purpose ?

**THE HONOURABLE MR. J. A. SHILLIDY :** The scheme of decoration referred to was carried out from money which was not the property of Government, and no question of control by the Government of India therefore arises.

**COST OF DECORATING INDIA HOUSE, LONDON.**

**15. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE :**

1. Will Government be pleased to state the total cost of decorating India House, London, by Indian artists ?

2. Have the Imperial Government contributed anything towards this cost ? If not, why not ?

3. Is it a fact that there was an understanding between the Government of India and the Imperial Government that an amount upto £50,000 would be paid by the Government of India for this purpose, and that if the total cost were in excess of this amount, the excess would be contributed by the Imperial Government ?

**THE HONOURABLE MR. J. A. SHILLIDY :** 1. £1,913-1-7.

2. No. India House, London, belongs to the Government of India and the cost involved in its decoration has been met by the Government of India without any contribution by the Imperial Government.

3. No.

**KOLAGHAT RAILWAY BRIDGE, BENGAL NAGPUR RAILWAY.**

**16. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE :**

(a) Will Government be pleased to state when the construction of the Kolaghat Railway Bridge on the Bengal Nagpur Railway was started and when it is expected to be finished ?

(b) What will be the total cost of the construction of the said bridge ?

(c) Is the bridge being constructed by the Railway Company themselves or by any contractor or contractors ?

(d) If it is being done by contractors, will Government be pleased to state the name of the contractors ? If not, will Government be pleased to state why tenders were not called for the construction of this bridge by the Bengal Nagpur Railway Company ?

(e) Will Government be pleased to state to what extent steels, girders, frames and other materials required in the construction of the said bridge were supplied by any Indian firm ?

(f) Was there any tender called for the abovementioned materials, especially rails, bolts, nuts, etc. ? If not, why not ?

(g) Will Government be pleased to state if the Tata Iron and Steel Company were asked to supply quotations of the abovementioned materials required for this bridge ? If not, why not ?

**THE HONOURABLE SIR GUTHRIE RUSSELL :** The Honourable Member is apparently referring to the doubling of the existing railway bridge across the Rupnarain River near Kolaghat station ; the original bridge was built many years ago.

Information has been called for from the Agent, Bengal Nagpur Railway, and a statement will be laid on the table in due course.



### ASSISTANT TRAIN EXAMINERS, BENGAL NAGPUR RAILWAY.

17. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE :

1. Is it a fact that Indian Assistant Train Examiners on the Bengal Nagpur Railway doing the same duty as Anglo-Indian Assistant Train Examiners are on inferior scale in respect of pay and prospects ?

2. Will Government be pleased to state why this distinction is being made by the Bengal Nagpur Railway Company ?

3. What is the scale of pay of the Assistant Train Examiners in the different State-managed Railways in India ?

4. How many Company-managed Railways have Assistant Train Examiners ?

5. Will Government be pleased to state the pay and prospects of the Assistant Train Examiners on Indian Railways, line by line, both State-owned and Company-managed ?

THE HONOURABLE SIR GUTHRIE RUSSELL : I have called for such information as is readily available and a reply will be placed on the table in due course, but I may point out that due to the different systems of working on Railways and other causes it may not be possible to compare the pay and prospects of the Assistant Train Examiners on one Railway with another.

### INCOME-TAX OFFICERS, BENGAL.

18. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE :

1. Will Government be pleased to state why Mr. S. C. Chakravorty, Income-tax Officer, Jalpaiguri, Bengal, was removed from service ? What were the charges against him ?

2. Was there any enquiry about the work in Calcutta of the Special Income-tax Officer, Mr. P. L. Bhattacharyya and the Assistant Commissioner of Income-tax, Mr. S. N. Banerjee ?

3. Will Government be pleased to state why the post of a Special Income-tax Officer in Calcutta was brought into existence and by whom ?

4. Will Government be pleased to state what was the decision of the Calcutta High Court with regard to the appointment of the Special Income-tax Officer in Calcutta in 1927—29 ?

5. Will Government be pleased to state why Mr. P. L. Bhattacharyya was transferred to Midnapur before the decision of the Calcutta High Court ?

6. Will Government be pleased to state why the Personal Assistant to the Commissioner of Income-tax, Bengal, Mr. S. K. Ghose, was allowed to take the cases of the Special Officer in Calcutta ?

THE HONOURABLE MR. J. B. TAYLOR : 1. Mr. S. C. Chakravorty was not removed from service. He tendered his resignation which was accepted. The latter part of the question does not arise.

2. No.

3. The post of Special Income-tax Officer in Calcutta was created by the Commissioner of Income-tax to deal with certain cases of under assessments.

4. The High Court, Calcutta, held in the case of Lachhiram Basantlal Basantlal Nathani v. The Commissioner of Income-tax, Bengal, that the order of appointment of the Special Income-tax Officer was not in accordance with the provisions of section 5 (4) of the Income-tax Act, 1922.

5. Mr. P. L. Bhattacharyya was not transferred to Midnapur before the decision of the Calcutta High Court which was pronounced in August, 1929, while his transfer from Calcutta to Midnapur took place in 1930 and was one of the general annual transfers.

6. The making over of the cases of the Special Income-tax Officer to the Personal Assistant to the Commissioner of Income-tax, Bengal, in July, 1929 was a purely formal matter, the intention being that the Personal Assistant would not proceed with the assessments but would merely keep the office alive pending receipt of the High Court's decision regarding the question of jurisdiction. That decision was pronounced in August, 1929 and following it the various assessment records were made over in due course to the territorial Income-tax officers concerned.

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### STATEMENT LAID ON THE TABLE.

#### COMMUNAL INEQUALITIES IN THE CLERICAL AND TECHNICAL STAFF OF THE FOREST RESEARCH INSTITUTE, DEHRA DUN.

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN (Education, Health and Lands Member): Sir, I beg to lay on the table the information promised in reply to part (b) of question No. 227 asked by the Honourable Mr. Mahmood Suhrawardy on the 19th December, 1932.

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*Statement giving the number of non-Muslims on permanent and temporary staff of the Forest Research Institute, Dehra Dun, who are non-Matriculates and have not passed an examination of equivalent standard.*

(b) The number of non-Muslims on the permanent and temporary staff of the Forest Research Institute, Dehra Dun, who are non-Matriculates and have not passed an examination of equivalent standard is as follows :

Clerical staff . . . . .	7*
Non-gazetted technical staff . . . . .	90†

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\* Includes 1 temporary.

† Includes 61 temporary.

## MESSAGES FROM HIS EXCELLENCY THE GOVERNOR GENERAL.

**THE HONOURABLE THE PRESIDENT:** Honourable Members, I have to convey to the House four Messages from His Excellency the Governor General.

The first Message is :

### PANEL OF CHAIRMEN.

*" In pursuance of the provisions of sub-section (2) of section 63A of the Government of India Act, I, Freeman, Earl of Willingdon, hereby nominate the following Members of the Council of State to be on the Panel of Chairmen of the said Council of State :*

*In the first place, the Honourable Mr. Ernest Miller ; in the second place, the Honourable Diwan Bahadur G. Narayanaswami Chetti ; in the third place, the Honourable Nawab Malik Mohammad Hayat Khan Noon ; and lastly, the Honourable Mr. Hormusji Maneckji Mehta.*

New Delhi ;

(Sd.) WILLINGDON,

The 18th January, 1933.

Viceroy and Governor General."

The second Message reads as below :

### RAILWAY BUDGET.

*" For the purposes of sub-section (1) of section 67A of the Government of India Act and in pursuance of rule 43 of the Indian Legislative Rules and of Standing Order 70 of the Council of State Standing Orders, I, Freeman, Earl of Willingdon, hereby appoint Tuesday, the 16th February, for the presentation to the Council of State, and Saturday, the 18th February, for the General Discussion in the Council of State, of the statement of the estimated annual expenditure and revenue of the Governor General in Council in respect of Railways.*

New Delhi ;

(Sd.) WILLINGDON,

The 21st January, 1933.

Viceroy and Governor General."

The third Message reads as follows :

### GENERAL BUDGET.

*" For the purposes of sub-section (1) of section 67A of the Government of India Act and in pursuance of rule 43 of the Indian Legislative Rules and of Standing Order 70 of the Council of State Standing Orders, I, Freeman, Earl of Willingdon, hereby appoint Tuesday, the 28th February at 5 p.m., for the presentation to the Council of State, and Saturday, the 4th March, for the General Discussion in the Council of State, of the statement of the estimated annual expenditure and revenue of the Governor General in Council in respect of subjects other than Railways.*

New Delhi ;

(Sd.) WILLINGDON,

The 21st January, 1933.

Viceroy and Governor General."

And lastly :

*" In pursuance of the provisions of sub-section (3) of section 67A of the Government of India Act, I hereby direct that the heads of expenditure specified in that sub-section shall be open to discussion by the Council of State when the Budget is under consideration.*

(Sd.) WILLINGDON,

Viceroy and Governor General."

(The Messages were received by the Council standing.)

## COMMITTEE ON PETITIONS.

**THE HONOURABLE THE PRESIDENT:** Under Standing Order 76 of the Council of State Standing Orders, I am required at the commencement of each session to constitute a Committee on Petitions consisting of a Chairman and four Members. The following Honourable Members have at my request kindly consented to preside over and serve on the Committee. I accordingly have much pleasure in nominating as Chairman of the Committee the Honourable Mr. G. A. Natesan and as Members, the Honourable Raja Charanjit Singh, the Honourable Khan Bahadur Syed Abdul Hafeez, the Honourable Sir David Devadoss and the Honourable Mr. S. C. Ghosh Maulik.

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## GOVERNOR GENERAL'S ASSENT TO BILLS.

**SECRETARY OF THE COUNCIL:** Sir, information has been received that His Excellency the Governor General has been pleased to grant his assent to the following Bills which were passed by the two Chambers of the Indian Legislature during the November session, 1932, namely :

The Criminal Law Amendment Act, 1932.

The Bengal Suppression of Terrorist Outrages (Supplementary) Act, 1932.

The Indian Tariff (Ottawa Trade Agreement), Amendment Act, 1932.

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## BILLS PASSED BY THE LEGISLATIVE ASSEMBLY LAID ON THE TABLE.

**SECRETARY OF THE COUNCIL:** Sir, in pursuance of rule 25 of the Indian Legislative Rules, I lay on the table copies of the following Bills which were passed by the Legislative Assembly at its meetings held on the 6th and 7th February, 1933, namely :

A Bill to prohibit the pledging of the labour of children.

A Bill further to amend the Indian Marine Act, 1887, for a certain purpose, and

A Bill further to amend the Indian Forest Act, 1927, for a certain purpose.

## CONGRATULATIONS TO RECIPIENTS OF HONOURS.

**THE HONOURABLE THE PRESIDENT:** Honourable Members, it is customary in this House for the President on behalf of himself and the Honourable Members of the Council to offer congratulations to the recipients of New Year's Honours. It falls to my lot, therefore, to offer on your behalf our congratulations and felicitations to the Honourable Members who have been fortunate this year in receiving distinctions. The first and foremost name is that of Sir Herbert Emerson, who now receives the double honour of being appointed Governor of the Punjab and also the high and exalted distinction of the Knight Commander of the Star of India, and I offer him on your behalf our hearty congratulations. He is now on leave preparatory to joining his new and exalted office. He was a Member of this Council for some definite period as Home Secretary and during that time we always found him taking a keen interest in his work and we also discovered that he was a most capable servant of Government. He had also distinguished himself in effecting a pact which will go down in history as the Gandhi-Irwin Pact.

The next Honourable Member is Major-General Sir John Megaw, who has received a Knight Commandership of the Most Eminent Order of the Indian Empire. He is unfortunately not with us today. He is in the other House piloting an important Bill in that House. I give him also on behalf of all of you our hearty congratulations and good wishes on his elevation.

Two other Honourable Members of our House have also received Knighthoods. One is Sir Edward Benthall and the other Sardar Saheb Sir Suleman Cassum Haji Mitha. Both are commercial magnates, one in the Bombay Presidency and the other in the Bengal Presidency, and have done extensive work in their respective spheres. Sir Edward Benthall, in particular, was a member of the second Round Table Conference and in that capacity rendered useful service. Sardar Bahadur Sir Suleman Cassum Haji Mitha has taken considerable interest in the welfare and advancement of the Moslem community and it is also a great honour to the Mussalman community.

Two other names attract our special notice. One is the Honourable Mr. Drake who receives a C.S.I. and the other the Honourable Mr. J. B. Taylor who receives a C.I.E. I can only say about the Honourable Mr. Drake, as you are all fully aware, that he is an officer of great energy and capacity and has already distinguished himself in many departments of Government service. As Secretary to the High Commissioner he was well known as a most popular Secretary and I have personal experience of that matter. As Commerce Secretary he has rendered very useful service. One of the most important services which he rendered is that which was recently done and that is the work done in connection with the Ottawa Agreement. It is all fully known to you. His honour is well deserved and I feel certain it is the precursor of many other honours which are still awaiting him. As regards the distinction conferred on the Honourable Mr. Taylor, it is a particular gratification to me as he comes from my province. When he first joined the Indian Civil Service it was discovered that he was a promising young man and he has fully justified the prophecy then formed by many of his friends in the Central Provinces. He has distinguished himself as Controller of the Currency in Calcutta, and I know the valuable services he has rendered in the matter of finance to the Government of India. I therefore on behalf of you all convey our congratulations to the Honourable Mr. Drake and also to the Honourable Mr. Taylor.

There is one other name that I would like to mention, and that is, that of the Honourable the Maharajadhiraja of Darbhanga who has received a K.C.I.E. He has only joined our Council this morning but I can speak from experience that he will prove a very useful Member and he will follow in the footsteps of his worthy father with whom I was for many years associated in this Council. I also on behalf of you all offer him our congratulations.

THE HONOURABLE MR. J. C. B. DRAKE (Commerce Secretary): Sir, I should like to express to you and through you to the House my very warm appreciation of your kind congratulations and of the very kind way in which you referred to me.

THE HONOURABLE MR. J. B. TAYLOR (Finance Secretary): Sir, I should also like to express to you personally and to the Members of the House my keen appreciation of the too kind words which you have addressed to me. I have known you since I came to India and I am peculiarly touched by the warmth of the expressions that you have used about me.

THE HONOURABLE MAHARAJADHIRAJA SIR KAMESHWAR SINGH of DARBHANGA (Bihar and Orissa : Nominated Non-Official): Sir, I thank you most warmly for the kind words of congratulation which you have just spoken and for the very kind references which you have made to my late lamented father. I do not want to detain the House long, but before I conclude I should like to thank you again for the kindness shown by you to me this morning.

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### NEGOTIABLE INSTRUMENTS (AMENDMENT) BILL.

THE HONOURABLE MR. J. B. TAYLOR (Finance Secretary): Sir, I beg to move for leave to introduce:

“ A Bill further to amend the Negotiable Instruments Act, 1881, for a certain purpose.”

The object of the amendment is to provide that bearer cheques cannot lose their character as bearer instruments by reason of endorsement. The case arose in 1924 with a ruling of the Bombay High Court that a bearer document could legally be changed to an order document by endorsement. A Bill was introduced in the Assembly in January, 1927 to remedy this, but was rejected in 1929 partly because there was considerable difference of opinion whether the legislation should apply to *hundis* as well as to cheques and partly because it was considered that the matter should be further investigated by the Banking Enquiry Committee. The Banking Enquiry Committee subsequently recommended that the protection should be afforded to cheques and to *hundis* in the form of cheques but not to other *hundis* and the present Bill is designed to secure that object.

The motion was adopted.

THE HONOURABLE MR. J. B. TAYLOR: Sir, I introduce the Bill.

## PRESENTATION OF THE RAILWAY BUDGET FOR 1933-34.

THE HONOURABLE SIR GUTHRIE RUSSELL (Chief Commissioner of Railways): Sir, I have the honour to present a statement of the estimated revenue and expenditure of the Governor General in Council for the coming year in respect of Railways. In these times the presentation of such a statement is bound to be rather depressing, but I shall endeavour to show the Council that depressing as the figures which I shall give them may appear on the surface, a detailed examination of the position will show that the finances of Indian Railways, though they cannot be said to be flourishing, are at least sound, and that when better times return there is little doubt that the Railways will react to these and again show an appreciable profit to their shareholders, the taxpayers of India.

12 NOON.

2. Following the precedent of previous years I shall give a short account of the results of the year 1931-32, and our estimates of the final results of the year 1932-33. These are based on the latest figures of traffic available, but it must be understood that they may very easily be upset by circumstances over which we have no control. They are merely an estimate based on the information available, and on the analogy of the movement of traffic in previous years. Finally I shall present to the Council our budget estimate for the year 1933-34. If, as I have explained, there are difficulties in forecasting the results of a year which has only 6 or 7 weeks to run, the Council will realise that these difficulties are considerably increased when we endeavour to forecast what is going to happen a year hence. I know I have the sympathy of the Council and that they realise the difficulties in making a forecast which is susceptible to a change in world conditions quite independent of local conditions in India. I shall also endeavour to show that though of necessity certain of our activities have had to be curtailed, these, with few exceptions, have not been abandoned altogether and that machinery is there to start up again as soon as times improve. Further, that despite shortage of money, essential works have not been neglected and the property has been maintained in good condition.

To summarise the results of the year 1931-32. These can be discussed in a few words as they are already well known to the Members. When I last addressed the Council, I anticipated that there would be a loss in commercial and strategic lines combined of 9.47 crores and that to meet this it would be necessary to absorb the full balance in the Reserve Fund of 4.95 crores and to borrow 4.52 crores from the Depreciation Fund. The actual result was we found we had over-estimated our loss by 27 lakhs so that we had to borrow only 4.25 crores from the Depreciation Fund. This left a balance in the Depreciation Fund of 14.87 crores, or nearly a crore more than at the end of the previous financial year.

3. I now turn to the current year. When I placed the Budget Estimate for the year before the Council I stated that though we had allowed for no increase in traffic we anticipated a small increase in earnings on account of certain increases in rates and fares which had been brought into force during the year. On this assumption we placed our gross traffic receipts at 87.65 crores. As regards our working expenses, we estimated these at 60.81 crores, including our contribution to the Depreciation Fund. How far have our anticipations been justified by results? Despite the increased rates and

fares our gross revenue has fallen short of our anticipations by 2.45 crores, and we expect that our working expenses will exceed by 12 lakhs our estimate. This increase is entirely due to the fact that owing to the rather meagre data at our disposal we estimated the cut in pay would save us 230 lakhs, whereas in the result the saving was only 185 lakhs, or 45 lakhs less. It will thus be seen that apart from the cut in pay we have reduced our working expenses by 33 lakhs compared with our budget provision. Allowing for credits on returned material, interest on Depreciation Fund, etc., we arrive at the result of a total revenue of 86.20 crores against total charges of 93.52 crores, giving a deficit of 7.32 crores. To this has to be added the loss on strategic lines of 2.02 crores. This gives a total deficit on the year's working of 9.34 crores, which, as last year, we propose to meet by a temporary loan from the Depreciation Fund. Our contribution to the Depreciation Fund under the present system for this year will be 13.75 crores, against an expenditure of 5.60 crores which in normal circumstances should have increased our balance in the Fund to 8.15 crores, but as I have already explained it will be necessary to borrow 9.34 crores from the Fund to meet our charges, so in the result our accumulations in the Depreciation Fund will be reduced by 1.19 crores, leaving, however, still a substantial balance of 13.68 crores in the Fund.

4. Finally I come to the most difficult part of my task—estimating the results of the coming year 1933-34. This task is difficult at all times, but I am quite sure the Council will agree with me that it has seldom been more difficult than to-day. I do not want to be unduly optimistic, nor yet unduly pessimistic. During the past few weeks we have had on several occasions to entirely recast our estimates. There have been times when it appeared that there were faint signs of returning prosperity and that the pendulum was beginning to swing in our favour, unfortunately on each occasion our hopes have been unfulfilled.

5. Despite this, however, we have, after considerable hesitation, decided that there are reasonably safe grounds for assuming that we have tided over the worst of the present period of economic depression, and that there are prospects of a very slight improvement in our railway earnings next year. On this assumption we place our gross traffic receipts from commercial lines at 86.92 crores. Our other receipts will be slightly less owing to the reduction in our balance in the Depreciation Fund during the previous year and we finally place our total receipts at 87.84 crores. For our ordinary working expenses we have budgeted for a further reduction of 41 lakhs, but this is offset by the reduction by a half of the emergency cut in pay. The net increase in working expenses on account of this amounts to 65 lakhs, making the total increase 24 lakhs. We thus arrive at the following results :

	Crores.
Total receipts from commercial lines . . .	87.84
Total expenditure, including interest charges . . .	93.64

showing a loss on commercial lines of 5.80 crores. To this has to be added the estimated loss on strategic lines of 1.97 crores, giving a total deficit of 7.77 crores. Our contribution to the Depreciation Fund will be 13.75 crores, and the estimated expenditure therefrom 5.95 crores, so that the difference between the contribution and the expenditure will exceed the amount it is proposed to borrow by 3 lakhs, and the balance in the Fund at the end of the year should be 13.71 crores. It is interesting to note that if we had not had to adopt the



[ Sir Guthrie Russell. ]

temporary expedient of borrowing from the Depreciation Fund to meet our obligations, the balance in the Fund at the end of the year 1933-34 would have been 35·07 crores.

6. I am afraid the quotation of this mass of figures must have proved rather wearisome to the Council, and the tale of deficits must have made rather dismal hearing, but as I said at the commencement of my speech I shall endeavour to show that the situation is not quite so bad as it looks. Our net traffic receipts, that is total earnings less ordinary working expenses including our contribution to the Depreciation Fund, have in the past two years amounted to between 23 and 24 crores, and if we were a Board of Directors, meeting to decide what dividend we should declare to our shareholders, we would be in the happy position of, in these depressing days of railways earnings, being able to declare a dividend of about 3 per cent. on our capital of approximately 800 crores. This, after making a very generous contribution to the Depreciation Fund. Actually, during the years 1931-32 and 1932-33, the contribution to the Fund has exceeded the requirements for these years by about 13½ crores. This being the position, I feel quite certain that at least a proportion of this mythical Board of Directors would have advocated the increasing of our dividend and the reduction of our contribution to Depreciation. I know of few Railways in the world which are in this position today. I do not know if many of the Hon'ble Members of this Council make a habit of reading the reports of other railway concerns throughout the world. If not, I would urge them to do so, as it would certainly tend to make them take a more optimistic view of Indian railway finances. Even the Canadian Pacific Railway, which is looked upon by many as the premier railway of the world, shows a drop of earnings of 41 million dollars in 1931 over the previous year. The situation in the United States of America is even worse. A few days ago I saw a report by a firm of American brokers which states that the results of 1932 show that the United States of America Railways have as a whole earned only 75 per cent. of their fixed charges. The report goes on to state that unless there is an improvement in traffic a number of railways will have to face the possibility of Receiverships during the present year unless there is a large expansion of Government aid.

7. Encouraging though these figures may appear, I feel quite sure that many Hon'ble Members of this Council will desire an assurance, and rightly so, that, even though our house is in better order than the houses of some others, the Railway Administrations are not sitting back in their chairs and doing nothing to still further improve our position. How is this being done? There are only two methods by which our net earnings can be increased, either by an increase in our gross earnings, or by a reduction in our working expenses. Again, there are only two ways of increasing gross earnings, firstly by an increase in rates and fares. This, however, especially in these depressing times may prove to be a double-edged weapon, and if care is not taken the law of diminishing returns may begin to operate. The second way is to reduce rates to encourage traffic. I can assure the Council that possibilities in both these directions are being explored from day to day by the Railway Board and Railway Administrations throughout India.

8. Then as regards working expenses, I have shown that there has been a gradual reduction in these from year to year, but I must remind the Council that as the years go on these reductions must become less and less spectacular and though I do not say that even now every possible avenue of economy has been explored in the direction of saving money, there is a very definite limit beyond which it is not safe to go.

9. I mentioned in my speech last year the work of the Railway Sub-Committee of the Retrenchment Advisory Committee, and their recommendation that a small Committee of financial and railway experts should be appointed to undertake a full and detailed enquiry into the working of the various departments of the railway administration. I informed the House that it had not been possible to obtain suitable personnel for this enquiry, and the difficulty of obtaining a full representative committee of experts still persists. We are, however, extremely grateful to Sir Josiah Stamp, President of the London, Midland and Scottish Railway, for placing at our disposal during the present cold weather his economy expert, Mr. F. A. Pope, who has for some years past been engaged in analysing the work of many of the departments of the L. M. and S. Railway and showing how economies could be effected. Mr. Pope is now engaged on his investigation of our methods with the assistance of four of our senior railway officers especially selected for their intimate knowledge of the railway branches to which they belong. I feel confident that the enquiry will be of the utmost value ; all the more so because Mr. Pope has associated with him four officers possessed of many years' experience of Indian Railways. Mr. Pope will give us the value of his expert knowledge, and the officers associated with him will, with their experience of Indian procedure, best be able to apply his system of analysis to the many branches of work done on our railways.

10. It must be realised as inevitable that any reduction in working expenses means a reduction in staff. During the year 1932-33 Government found it necessary to resume retrenchment of railway staff which had, with minor exceptions, been suspended since July 1931. In all it was found that about 9,000 men were surplus, but to minimise hardship as far as possible it was decided to offer more favourable terms to encourage voluntary retirement, and I am glad to say that between four and five thousand, or about 50 per cent. of the whole, have already availed themselves of these terms. I think, moreover, it is probable that a good proportion of the balance will also do so as the terms of voluntary retirement have in certain instances been extended beyond the original time limit fixed, which was October 31st, 1932.

11. Retrenchment of staff has been inevitable but I do not wish the House to think that nothing constructive as regards staff has been done during the year. Though restricted by financial considerations we have made certain progress in matters affecting staff welfare. For instance, the Hours of Work Rules introduced originally on the North Western and East Indian Railways were extended to the Great Indian Peninsula and Eastern Bengal Railways ; and other railway administrations, to which the regulations have not yet been statutorily enforced, have been instructed constantly to revise their hours of work where the latter are unreasonable, so as to bring them into conformity with the new rules, and the Railway Board are keeping closely in touch with this important question.

12. In my speech last year I also alluded to Staff Benefit Funds and Relief of Indebtedness among the lower paid staff and progress has been made in both directions. Staff Benefit Funds which were introduced on State-managed lines in 1931 have been, or will shortly be, introduced on all Company-managed lines, and a Lower Paid Staff Fund to relieve indebtedness among the lower ranks of the staff is now in existence on the East Indian and the North Western Railways. Should the results of working show that it is a success, the extension of the principle will be recommended to other railways.

[Sir Guthrie Russell.]

13. There is one factor which has undoubtedly had an effect on our railway earnings. I refer to motor competition. The House has doubtless seen allusions in the Press to an enquiry recently undertaken for the Government of India into the subject of co-ordination of the road and rail systems of transport of the country? As is well known, road development and motor transport have made considerable strides in India during the last few years and have been especially stimulated by the inauguration of the Central Road Development account which was the principal outcome of the Indian Road Development Committee. Much has been done to improve the standard of main trunk roads in India to make them suitable for motor traffic, and as many of these main trunk roads run side by side with railways, the public motor vehicles plying over them have to some extent been taking traffic from the railways, especially short distance passenger traffic. We have no reason to think that this process has developed very far in India, but in other countries competition between road and rail transport has grown to such an extent as to be wasteful and uneconomic, and it is important that we should learn by the experience of other countries and avoid their mistakes. This can probably best be done by adopting as early as possible a policy of co-ordinating the two systems of transport so that they become complementary and not competitive. With this end in view Government last year appointed a small touring committee who were instructed to visit all Provinces to consult Local Governments, Railway Administrations and public bodies on this important question. The Committee were asked to prepare a Report which has just been published and which will form the basis of discussion at a conference which Government intend to hold in April. Government propose to invite to this Conference not only the representatives of Local Governments and Railways, but also of unofficial bodies interested in the motor industry and road development. It is hoped that as a result of the deliberations of this Conference a well balanced policy will be formulated for correlating and developing the two forms of transport so as to give India the best and most economical transport system.

14. I must now once again enter the realm of figures while I give a short account of our activities on new works during the current year and place before the Council our capital and depreciation fund programme for the ensuing year. We have been pressed from many sides to undertake a large programme of new construction and rehabilitation with the object of stimulating trade and industry, and of being in a position to meet the trade revival when it comes. There is a certain amount of force in the arguments used, and we have not lost sight of these in framing our programme for the ensuing year. This has been designed to help trade and industry, to place the Railways in a position to meet any increase of traffic which can reasonably be expected, and to ensure more economical working. It may be considered that we have not gone as far as we might have done, but it must be remembered that though an increase in our works programme may give a temporary stimulus to trade and industry, unless there are very definite prospects that the works undertaken will be remunerative in the near future, the result will be the saddling of Railways with a load of debt which would require to be met with a further increase in rates and fares, a contingency which we are particularly desirous of avoiding as it must react on trade and industry and delay their revival. We believe our programme allows for all really essential works. For example, the construction of the Chambal and Sindh Bridges on the Great Indian Peninsula Railway, which with the completion of the relaying beyond Jhansi, which it is hoped to undertake within the next two years, will enable heavy engines,

with consequent heavier loads, to run between Bombay and Delhi. This will increase the capacity of the line and ensure more economical working. Then the replacement of 3,000 uneconomical wagons with 2,500 wagons of higher tare capacity will cheapen the cost of transport and maintenance. We hope that these 2,500 wagons are only a first instalment, and that we shall be able in succeeding years to continue this renewal policy, and if traffic justifies it, speed it up. I would also draw attention to the reconstruction of the Nerbudda Bridge on the Bombay, Baroda and Central India Railway. This will remove the last weak link on that Railway's main line to the north. The only other important works to which reference need be made are the remodelling of the Salt Cotaurs Yard on the Madras and Southern Mahratta Railway near Madras, and the remodelling of Hubli Station on the same Railway, both works overdue. As regards new construction, about 2/3 crore is being spent during the current year and 32 lakhs had been allowed for the year 1933-34. These sums have been provided to complete works already started during the more prosperous years, and no new projects are being undertaken. We have, however, not lost sight of the fact that when prosperity returns there will be a demand for new Railways to develop the country. For example, we have just completed a fresh engineering survey of the Bombay-Sind connection, and we are now undertaking a fresh traffic survey so that we may be in a position to start work on this very important work when and if traffic justifies. In the result our programme necessitates the provision of 5½ crores from the Depreciation Fund, and 3 crores of capital during 1932-33. This is to a certain extent offset by allowing for a reduction of 1½ crores in stores balances, giving a total expenditure from capital and depreciation of 7 crores during the year. During 1933-34 our expenditure on open line works under capital and depreciation is expected to amount to 10½ crores, of which 6 crores will be derived from the Depreciation Fund. Of this amount 1½ crores is required for work in progress, about 4½ crores for track renewals, and 2½ crores for rolling stock. We anticipate a further reduction of about 1½ crores in stores balances, so the net expenditure under capital and depreciation will amount to about 9 crores.

15. I would be failing in my duty if before I sat down I did not bring to the notice of the Council the valuable services which have been rendered to the country by the Agents, officers and staff of all Railways during the current year. This year, like its predecessor, has been a difficult one. In fact in many ways it has been more difficult than its predecessor in that whereas in that year the cut in pay only operated for 3 months, this year it has been in operation for the full 12 months. In addition various allowances have had to be reduced or withdrawn altogether. Despite this, generally everyone has shown the same devotion to duty and given the same loyalty as we have come to expect from our railway officers and staff. I must also make some reference to the changes which have occurred in the personnel of the Railway Board during the past year. We have lost the services of Sir Alan Parsons, Mr. Hannay, Mr. Brayshay, and Mr. Hayman, but I am glad to say the services of the first three are not lost to the country, and though Sir Alan Parsons may have gone to another Department of the Government of India he is at all times ready and willing to help the Railways in their problems. Mr. Hannay and Mr. Brayshay continue to render valuable services to the Railways of India, one as the Agent of a State-managed Railway, the other as the Agent of a Company-managed Railway. Mr. Hayman has, however, definitely severed his connection with Indian Railways. Mr. Hayman has had a great career. Starting at the lowest rung of the ladder, he climbed to the top purely by merit. The vast knowledge which he accumulated in the

[Sir Guthrie Russell.]

various important posts which he has held and his outstanding ability were of immense value to the Railway Board and the Government of India, and his place will be difficult to fill. I am quite sure the Council would desire me to wish him success in his new sphere of activity. Also during this year we have lost the services of Sir B. N. Sarma, for close on 7 years President of the Rates Advisory Committee. During his tenure of office Sir B. N. Sarma has always had the confidence of the Commercial Community and the Railway administrations in the difficult tasks he has had to perform. His death is a great loss to India. (Applause.)

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#### DEATH OF SARDAR BAHADUR SHIVDEV SINGH UBEROI.

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN (Leader of the House): Sir, may I with your permission mention the great loss that India has suffered through the death of Sardar Bahadur Shivdev Singh Uberoi, Member of the Secretary of State's Council, who in order to take up that appointment had a short while ago resigned the Membership of this House. He was a colleague with whom it was a pleasure to work. I had known him for something like 30 years and more. At that time he was just starting upon his career as a public man devoting himself to local self-government and commanded a great deal of popularity in his city—the city of Sialkot. Later on, he devoted himself to providing educational facilities for his great community in the Punjab. It was for years that he laboured in that cause and achieved very considerable success indeed. He was as a Member of the Secretary of State's Council very much admired and appreciated by his colleagues and in the short time that he was there his influence on the politics of his community here was always for good. A sober, sane, sound, sincere politician, he consistently worked for the advancement of his community and did not hesitate to point out to them their mistake in case he felt that they were not going in the direction which in his judgment was in their best interests. It was through his efforts that only recently in the competitive examination of the Indian Civil Service Punjabi was introduced as a vernacular which the candidates could take up. His educational services were not limited to his efforts in helping the Educational Conference of the Sikh community, but he devoted himself also to helping the great educational institution, the Khalsa College at Amritsar. The loss of a colleague, Sir, is always a sad affair, but in this case the loss was so untimely and so sudden that the news of his death came as a very great shock indeed to those who knew him. I have no doubt, Sir, the House would like you to be so good as to convey to the family of Sardar Bahadur Shivdev Singh Uberoi the sincerest condolences of the House.

THE HONOURABLE SARDAR BUTA SINGH (Punjab Sikh): Sir, I entirely associate myself with the words that have fallen from the Honourable the Leader of the House. Sardar Bahadur Shivdev Singh Uberoi for many years was a Member of this House and represented his constituency with great ability and distinction. I need hardly say that I not only feel the loss of a personal friend but of a distinguished public man who gave the best of his life to the good of his community and his country. He accepted his appointment on the Council of the Secretary of State with no other motive but to present the cause of the Khalsa which was and is not now represented in the Cabinet of His Excellency the Viceroy and that of the Secretary of

State. His charming manners won for him the friendship of all those with whom he came in contact, and if he had been spared, he would have been of immense use in these critical days when there is nothing more desirable than that there should be most friendly feeling between Englishmen and Indians so that we may embark on this new adventure as partners and friends. I am sure, Sir, the whole House associates itself with what has been said by the Honourable the Leader of the House and the condolence message which is to be sent to the bereaved family.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab : Non-Muhammadian) : Sir, I associate myself with the expression of tribute which the Honourable the Leader of the House and the Honourable Sardar Bata Singh have paid to the memory of the late Honourable Sardar Shivdev Singh Uberoi. I had the privilege of having his friendship for a period of over 35 years and during that period I was able to come into close contact with him, and in Sardar Shivdev Singh Uberoi I found an ardent public worker, a faithful friend and a person who had always in his heart the welfare of India. In him we have lost a great and popular personality and I join in the wish that our condolences and expressions of sorrow be conveyed to the members of his family.

THE HONOURABLE THE PRESIDENT : I also desire to associate myself with all that has fallen from the Honourable the Leader of the House and other Honourable Members. I knew Sardar Shivdev Singh Uberoi for many years in this Council. He was a very enthusiastic Member of this Council and he always fought very strongly and powerfully for the Sikh community and their rights and privileges in this Council. He was a man of charming manners and genial temperament and he was liked and respected by all the Members of this Council. I shall convey, Honourable the Leader, to his bereaved widow the message of sympathy and condolence of this House in her heavy bereavement.

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#### STATEMENT OF BUSINESS.

THE HONOURABLE THE PRESIDENT : Has the Honourable the Leader of the House any statement to make regarding the future course of public business ?

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN (Leader of the House) : There is no business for tomorrow, Sir. Saturday, as Honourable Members are aware, has been allotted for the general discussion of the Railway Budget. On Monday next the business will include motions for the consideration and passing of the Bill which has been introduced today and of the three Bills which have been laid on the table today. Tuesday next is a non-official day, while Wednesday and Thursday in next week are, I understand, holidays, on which, so far as can be foreseen at present, it will not be necessary to ask the Council to sit.

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The Council then adjourned till Eleven of the Clock on Saturday, the 18th February, 1933.