

Monday, 17th February, 1936

THE
COUNCIL OF STATE DEBATES

VOLUME I, 1936

(15th February to 25th April, 1936)

ELEVENTH SESSION
OF THE
THIRD COUNCIL OF STATE, 1936



PUBLISHED BY MANAGER OF PUBLICATIONS, DELHI
PRINTED BY THE MANAGER, GOVERNMENT OF INDIA PRESS, NEW DELHI
1936.

CONTENTS.

	PAGES.
Monday, 15th February, 1936—	
Members Sworn	1
Motion re expressions of regret on the death of His late Majesty King George V, and congratulations to His Majesty King Edward VIII, upon his accession	2—13
Tuesday, 17th February, 1936—	
Member Sworn	15
Questions and Answers	15—22
Statements laid on the table	22—36
Messages from His Excellency the Governor General	37
Committee on Petitions	37—38
Appointment of the Honourable Diwan Bahadur Sir Ramunni Menon, Kt., to the Library Committee of the Indian Legislature	38
Congratulations to recipients of Honours	38—40
Governor General's assent to Bills	40
Bills passed by the Legislative Assembly laid on the table	40
Presentation of the Railway Budget for 1936-37	41—49
Standing Committee for the Department of Education, Health and Lands	49—50
Thursday, 20th February, 1936—	
Questions and Answers	51—54
Death of Sir Dinshaw Wacha	54—60
Standing Committee for the Department of Education, Health and Lands	60
General Discussion of the Railway Budget for 1936-37	60—107
Statement of Business	107
Monday, 24th February, 1936—	
Members Sworn	109
Questions and Answers	109—114
Statement laid on the table	114
Standing Committee on Emigration	114
Standing Committee for the Department of Industries and Labour	115
Standing Committee for Roads	115
Payment of Wages Bill—Considered and passed	115—31
Tuesday, 26th February, 1936—	
Questions and Answers	138—38
Standing Committee on Emigration	138
Standing Committee for the Department of Industries and Labour	138—39
Standing Committee for Roads	139
Resolution re rules and regulations in horse-breeding areas—Negatived	139—43
Resolution re military expenditure—Negatived	143—59
Resolution re employment of "Dufferin" cadets—Adopted	149—70
Resolution re inscription of Negri characters on His Majesty King Edward VIII's coinage—Withdrawn	170—75
Durgah Khwaja Saheb Bill—Motion to consider— <i>Not concluded</i>	175—88

	PAGE:
Friday, 28th February, 1936—	
Questions and Answers	189—90
Presentation of the General Budget for 1936-37	190—97
Statement of Business	197
Friday, 6th March, 1936—	
Questions and Answers	199—202
Statement laid on the table	203—05
Standing Committee on Emigration	205
General Discussion of the General Budget for 1936-37	205—66
Statement of Business	
Wednesday, 11th March, 1936—	
Questions and Answers	207—
Standing Committee for the Department of Industries and Labour	
Durgah Khwaja Saheb Bill—Withdrawn as previous sanction of the Governor General had not been obtained	256—39
Resolution re Indianisation of the Public Services particularly with reference to Muslim recruitment—Withdrawn	289—98
Resolution re Joint Standing Committee on Indian Defence—Negatived	298—118
Resolution re leading of Indian delegations by Indians—Withdrawn	319—22
Resolution re slaughter of milch cattle—Withdrawn	322—29
Resolution re pay of Imperial Services—Withdrawn	329—33
Parsi Marriage and Divorce Bill—Motion to consider, moved	333
Friday, 13th March, 1936—	
Questions and Answers	335—39
Parsi Marriage and Divorce Bill—Considered and passed	339—50
Resolution re removal of existing sex disqualification for membership of the Council of State in respect of women—Adopted	350—54
Resolution re economy on Railways—Adopted	354—58
Resolution re grant of Rs. 50 lakhs to Provincial Governments for the uplift of the depressed classes—Negatived	368—
Resolution re making of offences under section 498, Indian Penal Code, cognizable—Withdrawn	381—82
Monday, 16th March, 1936—	
Resolution re recruitment for the Indian Military Academy, Dehra Dun—Withdrawn	389—406
Resolution re removal of mass illiteracy—Withdrawn	407—16
Resolution re listed posts in the Indian Civil Service—Withdrawn	418—23
Resolution re proposed substitution of nomination for election in the Fiji Legislative Council—Moved	426
Wednesday, 18th March, 1936—	
Questions and Answers	425—29
Resolution re proposed substitution of nomination for election in the Fiji Legislative Council—Adopted	429—39
Resolution re political prisoners under detention without trial—Negatived	440—43
Message from His Excellency the Governor General	443
Statement of Business	443

Wednesday, 25th March, 1936—

Member Sworn	449
Questions and Answers	449—61
Statements laid on the table	481—63
Message from His Majesty the King-Emperor	463
Resolution re unemployment—Adopted	463—98
Resolution re constitution of a Rural Credit Department in the Reserve Bank of India—Negatived	499—505
Statement of Business	506

Thursday, 26th March, 1936—

Statement laid on the table	507
Message from His Excellency the Governor General	507—08
Indian Finance Bill laid on the table	508
Standing Committee for the Department of Commerce	508
Standing Advisory Committee for the Indian Posts and Telegraphs Department	508
Resolution re reduction in hours of work—Adopted	508—17
Resolution re reduction of hours of work in glass-bottle works—Adopted	517—18
Standing Committee for Roads	518

Monday, 30th March, 1936—

Member Sworn	519
Questions and Answers	519—25
Standing Committee for the Department of Commerce	525
Standing Advisory Committee for the Indian Posts and Telegraphs Department	525
Standing Committee for Roads	525
Indian Finance Bill, 1936—Motion to consider— <i>Not concluded</i>	526—76

Tuesday, 31st March, 1936—

Indian Finance Bill, 1936—Considered and passed	577—612
Statement of Business	612

Tuesday, 7th April, 1936—

Member Sworn	613
Death of Khan Bahadur Shaikh Maqbul Husain	613—14

Wednesday, 8th April, 1936—

Address by His Excellency the Viceroy to the Members of the Council of State and the Legislative Assembly	615—22
---	--------

Wednesday, 15th April, 1936—

Member Sworn	623
Questions and Answers	623—31
Statement laid on the table	631—32
Bills passed by the Legislative Assembly laid on the table	632
Central Advisory Council for Railways	632
Resolution re limiting hours of work in coal mines—Adopted	632—34
Resolution re maintenance of rights, old-age and widows' and orphans' insurance—Adopted	634—35

	PAGES.
Friday, 24th April, 1936—	
Member Sworn	745
Statement laid on the table	745—46
Bill passed by the Legislative Assembly laid on the table	747
Indian Tariff (Amendment) Bill—Considered and passed	747—72
Indian Mines (Amendment) Bill—Considered and passed	772—76
Statement of Business	776
Saturday, 25th April, 1936.	
Member Sworn	777
Questions and Answers	777—79
Short Notice Question and Answer	779—80
Indian Tariff (Second Amendment) Bill—Considered and passed	780—88

COUNCIL OF STATE.

Monday, 17th February, 1936.

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

MEMBER SWORN :

The Honourable Mr. Edward Francis Thomas, C.S.I., C.I.E. (Madras Nominated Official).

QUESTIONS AND ANSWERS.

AMOUNT PAID TO THE BRITISH POST OFFICE FOR THE CARRIAGE OF MAILS BY THE PENINSULAR AND ORIENTAL STEAM NAVIGATION COMPANY.

1. THE HONOURABLE MR. P. N. SAPRU : (a) Will Government be pleased to state the amounts that they paid during the last ten years to the Peninsular and Oriental Steam Navigation Company as their net share of subsidy for the carriage of mails between India and England ?

(b) Will Government be pleased to state the date on which the present contract between His Majesty's Postmaster-General and the Peninsular and Oriental Steam Navigation Company for the carriage of mails between England and India will expire ?

(c) Will Government be pleased to state if any separate contract has been made by them or on their behalf by the Secretary of State for India for the carriage of mails with the Peninsular and Oriental Steam Navigation Company between England and India and the basis on which the amount of subsidy is to be paid by the Government of India to the Peninsular and Oriental Steam Navigation Company ?

THE HONOURABLE MR. A. G. CLOW : (a) Payment for the conveyance of mails from India by the steamers of the Peninsular and Oriental Steam Navigation Company is made to the British Post Office and not to the Company as the contract for the conveyance of mails is between His Majesty's Postmaster-General and the Company. I place on the table of the House a statement giving the information required by the Honourable Member so far as it is readily available.

(b) As at present arranged the contract between His Majesty's Postmaster-General and the Peninsular and Oriental Steam Navigation Company is not terminable before the 31st January, 1939.

(c) The reply to the first part is in the negative. The latter part does not arise.

THE HONOURABLE MR. P. N. SAPRU : What is the total amount paid annually ?

THE HONOURABLE MR. A. G. CLOW : It varies, Sir. But the statement that I place on the table shows the payments for mails other than parcels for each year from 1924 to 1931. The lowest amount actually paid in those years was £20,100 and the highest £31,323. The payments for parcel mails are also shown separately for a number of financial years.

Statement showing the amounts paid to the British Post Office for the conveyance of mails from India by the steamers of the Peninsular and Oriental Steam Navigation Company.

	Year.	Amount.
		£
Payment for mails other than parcels	{ 1924 .	20,100
	{ 1925 .	21,775
	{ 1926 .	23,870
	{ 1927 .	26,170
	{ 1928 .	27,599
	{ 1929 .	29,817
	{ 1930 .	31,323
	{ 1931 .	30,244
		£ s. d.
Payment for parcel mails	{ 1926-27	10,782 19 2
	{ 1927-28	12,427 3 5
	{ 1928-29	12,080 1 8
	{ 1929-30	12,361 13 4
	{ 1930-31	10,506 19 10
	{ 1931-32	9,575 9 7

PARTICIPATION OF INDIAN SHIPPING COMPANIES IN THE OVERSEAS TRADE AND GRANT OF SUBSIDIES TO THEM FOR THE CARRIAGE OF MAILS.

2. **THE HONOURABLE MR. P. N. SAPRU :** (a) Do Government propose to take any steps to provide for adequate participation of Indian shipping in the overseas trade of the country ?

(b) In order to encourage Indian shipping companies to participate in the overseas trade, do Government propose to grant subsidies for the carriage of mails between India and England ?

(c) Will Government be pleased to lay on the table a copy of the existing contract between His Majesty's Government and the Peninsular and Oriental Steam Navigation Company for the carriage of mails between India and England ?

THE HONOURABLE MR. T. A. STEWART : (a) Government have repeatedly expressed the opinion that the problem of an adequate participation of Indian shipping in the coastal and overseas trade of India should as far as possible be settled by negotiation and mutual agreement between the shipping interests concerned. In such negotiations Government have always been willing to offer their good offices, if sought by the parties concerned, to help to remove difficulties and promote a settlement. Government have followed this policy in the past, with considerable success, and will continue to pursue it hereafter.

(b) No.

(c) I regret I am not in a position to do so.

RENT FREE QUARTERS FOR TRAFFIC INSPECTORS, EAST INDIAN RAILWAY.

3. THE HONOURABLE MR. P. N. SAPRU : (a) Will Government be pleased to state whether any assurance was given to the Traffic Inspectors serving on the East Indian Railway that they would be granted rent free quarters when the East Indian Railway Company was taken over by the State ?

(b) Are they being provided with rent free quarters now ? If not, why not ?

THE HONOURABLE SIR GUTHRIE RUSSELL : When the East Indian Railway was taken over by Government on 1st January, 1925 the staff were informed that in the matter of house rent the rules in force on State-managed Railways would be applied but in the subsequent agreement which was executed by each employee and which forms the basis of contract between him and Government it was definitely laid down that " his pay, allowances, provident fund and gratuity and leave will be regulated in all respects by the rules and conditions of East Indian Railway service as they stood on 31st December, 1924 and that he shall have no right to claim by virtue of service under Government any of the benefits allowed from time to time by State Railway Rules ". Under the old Company's rules these inspectors were not entitled to rent free quarters and therefore they are not provided with rent free quarters now.

THE HONOURABLE MR. HOSSAIN IMAM : Is the letter of appointment issued by the Railway regarded as an agreement or is the agreement a separate thing ?

THE HONOURABLE SIR GUTHRIE RUSSELL : The letter of appointment was not regarded as a final agreement.

COMMUNICATION FROM THE INDIAN CHAMBER OF COMMERCE, CALCUTTA, CONCERNING EMPLOYMENT OF " DUFFERIN " CADETS.

4. THE HONOURABLE MR. P. N. SAPRU : (a) Have Government received any communication from the Indian Chamber of Commerce, Calcutta, regarding the employment of the cadets trained in the Indian Mercantile Marine Training Ship " Dufferin " ?

(b) If so, will Government be pleased to lay on the table a copy of the communication together with a copy of their reply, if any ?

THE HONOURABLE MR. T. A. STEWART : (a) Yes.

(b) I lay on the table a copy of the communication referred to. No reply beyond a formal acknowledgment has been sent to it by Government.

Indian Chamber of Commerce, Calcutta.

M. N. 1397.

135, Canning Street, Calcutta.

Dated 10th December, 1935.

The Secretary to the Government of India,
Commerce Department, New Delhi.

DEAR SIR,

The attention of the Committee of the Indian Chamber of Commerce, Calcutta, has been drawn to the question of employment at sea for the cadets trained in the Indian Mercantile Marine Training Ship " Dufferin " after they obtain their certificate of

competency. The Committee have gone carefully into the position which is causing anxiety to all interested in the future of the Training Ship and of young Indians who desire to qualify themselves as marine officers and engineers. The Committee have, therefore, to draw your attention to this subject which deserves the earnest consideration of the Government at an early date.

The Committee have to point out that the establishment in Indian waters of a Training Ship for deck officers was the only recommendation of the Indian Mercantile Marine Committee, which was at all favourably considered by the Government of India and members of the Government usually refer to the "Dufferin" as one of the measures taken by the Government to develop an Indian mercantile marine. It was, however, recognised from the very inception of the scheme that training facilities would by themselves not be able to ensure an Indian personnel, unless opportunities for subsequent employment as officers and engineers were available to the trained cadets. For instance, Lord Irwin, the then Viceroy, speaking at the Meeting of the Associated Chambers of Commerce at Cawnpore in December 1926 said :—

" It is, however, no use training Indians in this way unless they have a career open to them. I hope, therefore, British shipping companies will co-operate to make the Training Ship a success by giving fair opportunity of employment to Indian cadets ".

Again in December, 1928, the Viceroy observed at Calcutta :

" It is also a cause for great satisfaction that shipping companies should have shown themselves so willing to take " Dufferin " cadets as apprentices and I earnestly trust that Indian cadets will prove their capacity and will eventually find employment by companies which have given them their apprentice training ".

The Committee might also refer to the following reply of Sir George Rainy in the Legislative Assembly in 1929 in the same connection :

" While anxious to avoid giving the impression that employment is assured to every passed apprentice, Government desired to emphasise the opportunities of employment which exist for those apprentices who give satisfaction ".

Speaking at the Associated Chambers of Commerce on the 17th December, 1934 His Excellency Lord Willingdon also referred to the success achieved by the Training Ship in turning out young officers for the Indian mercantile marine as well as to the new scheme for training engineer officers in the " Dufferin ". The Viceroy stated that the Government " have received assurances from engineering firms and shipping companies in India regarding the workshop training and subsequent employment of the engineer cadets trained on the " Dufferin " and went on to express his thanks to them for their co-operation in this matter. It will be observed from the authoritative pronouncements quoted above that the importance of securing suitable employment for the " Dufferin " cadets was realised and was frequently emphasised by the representatives of the Government.

The Committee understand that despite these hopes of the authorities and the assurances of the British shipping companies interested in the maritime coastal trade of India, the " Dufferin " cadets have not found it easy to secure employment, at any rate on non-Indian ships. The question of their employment has, in fact, been exercising the public mind during the last three or four years and the subject has been raised more than once in the Central Legislature where suggestions have been made that the Government should legislate on the lines recommended in the Report of the Indian Mercantile Marine Committee for securing employment for the cadets of the Training Ship " Dufferin ", at least on ships plying in the Indian coastal waters. In reply to these interpellations and suggestions, the Commerce Member stated on the 28th September, 1932, that—

" they (Government) do not consider that the need to give effect to the recommendation of the Indian Mercantile Marine Committee referred to by the Honourable Member has arisen ".

When the question of the future prospects of the " Dufferin " cadets was raised in September, 1932, the Government avoided a direct reply by stating that "in their opinion the uncertainty of the position arises largely from the present abnormal depression in shipping", but when in the subsequent November session of the Assembly, definite information was sought to be elicited as to how far trade depression had affected coastal shipping and what tonnage engaged in the coastal trade of India which would normally absorb the " Dufferin " cadets had been laid up, the Commerce Member stated that Government had no information in the matter.

The Committee have to state that an analysis of the figures regarding the cadets who have been trained in the "Dufferin" since its inception shows that despite the absorption of nearly 21 cadets into the services other than service afloat, 6 cadets with certificates are actually unemployed at present, while 27 cadets will appear for their Second Mate's examination early next year and would be also on the waiting list for employment as officers. It will, therefore, be necessary to find employment for these 33 cadets from the beginning of the next year. The Committee would like, in this connection, to bring to the notice of the Government that the British Shipping Companies, despite their previous undertaking, have not responded to the request of the Government about the employment of the "Dufferin" cadets as officers and have engaged an insignificant number as officers on the very large number of steamers which they own and ply in the coastal trade of India. The Committee understand that the British India Steam Navigation Company with their coastal fleet of 70 steamers with a total gross tonnage of 3,70,000 have taken only four "Dufferin" cadets as officers, the Asiatic Steam Navigation Company with their coastal fleet of 16 steamers with a total gross tonnage of 82,000 have not a single "Dufferin" cadet on board their steamers, while the Scindia Steam Navigation Company with their fleet of 17 steamers totalling 74,000 gross tons have engaged 21 "Dufferin" cadets as officers. The Committee are given to understand that the British India Steam Navigation Company had given an undertaking to employ these cadets as officers not only on their own steamers but also on the steamers of the Apar Line, which are employed on the Far Eastern run. A similar undertaking was also given by the Mogul Line and the Nourse Line as regards the employment of "Dufferin" cadets as officers on their steamers, whenever suitable vacancies occurred. The Committee regret to note that this undertaking is not being carried out. The Peninsular and Oriental Steam Navigation Company which enjoys such large patronage from the Government and the people of India has, in fact, refused to engage a single "Dufferin" cadet. It need hardly be pointed out that several of these British shipping companies which do not engage "Dufferin" cadets receive subsidies for carriage of mails on the Indian coast as well as to the Straits, Persian Gulf and Africa and they have a virtual monopoly of carriage of Government of India's treasure and stores between India and England, apart from private arrangements with the Government in regard to Lee passage concessions. Despite all these privileges and advantages which these British shipping companies enjoy at the expense of the Indian taxpayer, there are not co-operating with the Government of India in making a success of the scheme for training and employing Indian officers. The Committee have to point out that in view of the facts mentioned above, they cannot see their way to endorse the public testimony given by His Excellency Lord Willingdon in his address to the Associated Chambers of Commerce in January, 1934, when he acknowledged the assistance given by the British shipping companies towards making the scheme of the Training Ship a success. The plea put forward by the British Shipping companies for not carrying out their undertaking is, as stated above, the prevalence of trade depression, but so far as the Committee are aware, all the normal British tonnage on the coast has found employment during recent years. It cannot also be argued that the training provided in the "Dufferin" is not upto the requisite standard because successive Viceroy and Members of the Government of India as well as the highest Officers of the Royal Navy have paid tribute to the capacity and discipline of the Indian cadets undergoing training in the "Dufferin" and there is no doubt that these cadets constitute excellent material for the floating personnel of an Indian mercantile marine. Sir Joseph Bore, the late Commerce Member, stated when presiding over the prize distribution of the "Dufferin" cadets on 11th December, 1934, that "the 'Dufferin' was in a very special sense a nation-building enterprise which commanded the enthusiastic support of every patriotic Indian and of every Britisher who wishes to see this country shoulder her responsibility in every phase of her life". It is, therefore, obvious that the refusal of the British shipping companies to employ "Dufferin" cadets as officers is due neither to reduction in their coastal tonnage nor to any deficiency in the training or calibre of the Indian cadets but is due to their reluctance not to provide employment for trained and qualified Indians in their home waters.

The Committee would also like to refer here to the most recent pronouncement of the Government on this subject when the question was raised in a general form by Pandit Govind Ballabh Pant in the Legislative Assembly on the 28th March, 1935. Pandit Pant enquired whether it was not a fact that the *ex*-cadets of the Training Ship "Dufferin", who have obtained their certificates of competency, have not been employed by the British shipping companies plying on the coast in a number in conformity with the quantity of tonnage owned and plied by them in the Indian coastal waters. He also asked whether, in the absence of such openings, these cadets, either officers or marine engineers, were not likely to remain without employment. Sir Joseph Bore, the then Commerce Member, stated in reply that—

"the Government will take steps to impress on all shipping companies, whether British or Indian, engaged in the coastal trade, the importance of employing duly qualified Indian officers in adequate numbers."

The Committee have to draw the particular attention of the Government to the above definite assurance of the late Commerce Member and have to enquire whether they consider that the employment of Indian cadets as officers by the British shipping companies at present is considered by them as giving employment "in adequate numbers". In this connection, the Committee would also like to point out that there would be comparatively few openings in the Royal Indian Navy, the Bengal Pilot Service and the River Survey Service of the Calcutta Port Trust or the Rangoon Port Trust in the next few years, so that employment would have to be found in sea service for at least 30 cadets from the next year. It is, therefore, essential for the Government to see that the British shipping companies carry out their assurances to employ these cadets as officers and engineers on their ships and, if necessary, to give effect to the recommendation of the Indian Mercantile Marine Committee in regard to the employment of Indian apprentices, officers, engineers and wireless operators on ships trading in the coastal waters of India and receiving directly or indirectly the patronage of the Government and the people of India. The Committee consider that such action is absolutely necessary if the whole object underlying the scheme of the Training Ship is not to be frustrated and a new and important avenue of employment is not to be denied to young Indians.

Yours faithfully,

M. P. GANDHI,

Secretary.

EMPLOYMENT OF "DUFFERIN" CADETS BY BRITISH SHIPPING COMPANIES.

5. THE HONOURABLE MR. P. N. SAPRU: (a) Are British shipping companies reluctant to employ Indian "Dufferin" cadets as officers?

(b) Have any British shipping companies, receiving mail subsidies and other similar aid from the Government of India, shown any reluctance to employ "Dufferin" cadets as apprentices and officers on their steamers?

(c) Do Government propose to impose a definite obligation to employ a certain proportion of "Dufferin" trained cadets as apprentices and officers on companies receiving mail subsidies and other similar aid from the Government of India?

THE HONOURABLE MR. T. A. STEWART: (a) Government are not aware that British shipping companies engaged in the Indian coastal trade have expressed any intention not to employ qualified cadets of the "Dufferin" as officers.

(b) No shipping companies are getting subsidies for the carriage of mails but I assume that the Honourable Member is referring to those companies that receive under contracts payments for the carriage of mails. If so, so far as Government are aware, none of the British companies concerned have expressed any intention not to take *ex*-"Dufferin" cadets as apprentices or officers.

(c) The question of imposing an obligation of the nature referred to by the Honourable Member on the shipping companies under contract for the carriage of mails will be considered when the existing contracts expire.

THE HONOURABLE MR. P. N. SAPRU: What is the total number of "Dufferin" cadets employed by British shipping companies?

THE HONOURABLE MR. T. A. STEWART: Sir, I could not answer that question offhand.

THE HONOURABLE MR. P. N. SAPRU: May I give notice of that question?

THE HONOURABLE THE PRESIDENT: Yes.

EMPLOYMENT OF INDIAN APPRENTICES, ENGINEERS, WIRELESS OPERATORS ETC., ON SHIPS PLYING IN COASTAL WATERS.

6. THE HONOURABLE MR. P. N. SAPRU : (a) Do Government propose to give effect to the recommendations of the Indian Mercantile Marine Committee in regard to employment of Indian apprentices, officers, engineers and wireless operators on ships plying in the coastal waters of India and receiving directly or indirectly the patronage of the Government and people of India ?

(b) If not, what action do Government propose to take in the matter ?

THE HONOURABLE MR. T. A. STEWART : (a) No.

(b) So far as cadets of the Engineering branch of the Training Ship "Dufferin" are concerned, the question of their employment as officers has not yet arisen, as the first batch joined only in 1935 and will not be fully qualified for employment for a period of five years or so. As regards the Executive branch, up to date most of the qualified ex-cadets have found employment either in shipping companies, or in other services. Government have been in constant correspondence with the leading shipping companies about individual cases and have recently addressed them on the general question.

VISIT OF COMMISSIONER, NORTHERN INDIA SALT REVENUE, TO KHEWRA.

7. THE HONOURABLE RAJA GHAZANFAR ALI KHAN : Did the Commissioner, Northern India Salt Revenue, pay a visit to Khewra during last summer ? If so, did he inspect a place where saltish water is being pumped out by the Salt Department, and has he issued any instructions to the Department to take steps to prevent this saltish matter spreading in the fields and damaging the same ?

THE HONOURABLE MR. A. J. RAISMAN : The Commissioner, Northern India Salt Revenue, visited Khewra last August but he did not on that occasion inspect the actual outlet through which salty water is pumped out of the mine. The Commissioner does not believe that the salty water pumped out from the mine spreads over the fields and damages them. The water falls into the Khewra gorge and percolates through the bed of the gorge into the ground and does not reach the fields ; the bed of the gorge being very porous quickly absorbs this small quantity of brine. The Commissioner did not, therefore, consider it necessary to issue instructions to the mine authorities on the subject.

THE HONOURABLE RAJA GHAZANFAR ALI KHAN : Are Government prepared to consider the desirability of looking into the question as to whether this water cannot be taken by means of a channel to the river instead of letting it disappear in the fields ?

THE HONOURABLE THE PRESIDENT : That is a mere matter of opinion and I cannot allow the question.

FLAG STATION NEAR VILLAGE LILLA, NORTH WESTERN RAILWAY.

8. THE HONOURABLE RAJA GHAZANFAR ALI KHAN : Is the village Lilla at a distance of two miles from the Lilla railway station (Malakwal-Khushab line on the North Western Railway) ? If so, do Government propose to open a flag station near Lilla village ?

THE HONOURABLE SIR GUTHRIE RUSSELL : Yes. The desirability of having a flag station seems one that can best be dealt with through the Local Advisory Committee.

THE HONOURABLE RAJA GHAZANFAR ALI KHAN : Do the Government mean to say that the Central Government have got no hand in the matter of Railways ?

THE HONOURABLE SIR GUTHRIE RUSSELL : Sir, I would suggest that if the Honourable Member does not get satisfaction from the Local Advisory Committee, he should then address the Government of India.

CONSTRUCTION OF A BRANCH RAILWAY LINE FROM HARANPUR TO JALALPUR KIKNAN.

9. THE HONOURABLE RAJA GHAZANFAR ALI KHAN : (a) Will Government be pleased to state what action was taken by the Agent, North Western Railway, on my question No. 9 asked on the 11th February, 1935 regarding enquiries into the desirability of constructing a railway line from Haranpur to Jalalpur Sharif ?

(b) Did the District Board, Jhelum, unanimously pass a resolution requesting the Railway authorities to construct a railway line from Haranpur to Jalalpur Sharif ? If so, do Government propose to take any action on that resolution ?

THE HONOURABLE SIR GUTHRIE RUSSELL : (a) and (b). The Agent, North Western Railway, referred the question put by the Honourable Member to the Punjab Government, who replied to him that the existing road was sufficient to meet the needs of the modest volume of traffic, and could be metalled quite inexpensively if the volume of traffic increases. Hence they did not consider there were sufficient grounds for investigating the possibility of a branch railway line from Haranpur to Jalalpur Kiknan.

STATEMENTS LAID ON THE TABLE.

AGREEMENT BETWEEN THE SECRETARY OF STATE FOR INDIA IN COUNCIL ACTING BY AND THROUGH THE GOVERNOR OF THE PUNJAB IN COUNCIL AND THE RESERVE BANK OF INDIA.

THE HONOURABLE MR. A. J. RAISMAN (Government of India : Nominated Official) : Sir, I lay on the table a copy of the Agreement between the Secretary of State for India in Council acting by and through the Governor of the Punjab in Council and the Reserve Bank of India.

RESERVE BANK OF INDIA.

[Incorporated under the Reserve Bank of India Act 1934 (II of 1934)].

AGREEMENT BETWEEN THE SECRETARY OF STATE FOR INDIA IN COUNCIL ACTING BY AND THROUGH THE GOVERNOR OF THE PUNJAB IN COUNCIL AND THE RESERVE BANK OF INDIA.

AN AGREEMENT made this second day of November 1935, BETWEEN THE SECRETARY OF STATE FOR INDIA IN COUNCIL acting by and through THE GOVERNOR OF THE PUNJAB IN COUNCIL (hereinafter called "the Punjab Government") of the one part and the RESERVE BANK OF INDIA (hereinafter called "the Bank") of the other part.

WHEREAS the Bank was constituted and incorporated and is regulated by the Reserve Bank of India Act, 1934, (being Act No. II of 1934) (hereinafter called "the Act").

AND WHEREAS by section 21 (2) of the said Act it is provided that each Local Government shall entrust the Bank on such conditions as may be agreed upon with the management of its public debt and with the issue of any new loans.

NOW IT IS HEREBY MUTUALLY AGREED AND DECLARED by and between the said parties hereto as follows, that is to say :—

1. This agreement shall come into force on the execution of these presents.

2. The management of the public debt of, and the issue of new loans by, the Punjab Government and the performance of all the duties relating thereto respectively, including the collection and payment of interest and principal and the consolidation, division, conversion, cancellation and renewal of securities of the Punjab Government and keeping of all registers, books and accounts and the conduct of all correspondence incidental thereto shall be transacted by the Bank at all or any of its offices in Bombay, Calcutta and Madras, and at any of its offices, branches or agencies at which, respectively, the administration of any portion or portions of the public debt is for the time being conducted or interest thereon is for the time being payable and the Bank shall also keep and maintain such registers books and accounts in respect of the said public debt as the Punjab Government may from time to time direct and shall audit all payments of such interest and act generally as agents in India for the Punjab Government in the management of the said public debt and shall conduct such agency subject to such orders and directions with regard to the general management thereof as may from time to time be given to the Bank by the Punjab Government.

3. As remuneration to the Bank for the management of the public debt as aforesaid the Bank shall be entitled to charge to the Punjab Government, half-yearly, a commission at the rate of Rs. 2,000 per crore, per annum, on the amount of the public debt as aforesaid at the close of the half-year for which the charge is made. In calculating this charge the following amounts shall be excluded from the amount of public debt, *viz.*:—

- (a) The amounts of loans discharged outstanding after one year from the date of a notice of discharge.
- (b) The amount of stock certificates for Rs. 50,000/- and upwards held by the Punjab Government or by any officer or officers of that Government authorised in that behalf.

And in addition to the charge of Rs. 2,000 per crore per annum the Bank shall be entitled to charge to the Punjab Government such fixed sum as may from time to time be agreed upon between the parties on account of the stock certificates referred to in clause 3 (b) hereof, and the Bank shall be also entitled to charge the public (but not the Punjab Government) all such fees and charges as are now or may hereafter from time to time be prescribed by the Governor General in Council under the powers conferred upon him by the Indian Securities Act, 1920, (Act No. X of 1920) for duplicate securities and for the renewal, consolidation, division or otherwise of all Government securities which the Bank issues.

4. The responsibility for all loss or damage to the Punjab Government which may result from any act or negligence or omission of the Bank in conducting the business of the public debt aforesaid or the payment of interest or discharge value thereon or the renewal, conversion, consolidation, subdivision or cancellation of any security of the Punjab Government shall rest with and be borne by the Bank, provided, however, that it shall not be incumbent on the Bank to verify signatures and endorsements on securities which *prima facie* appear to be in order and in the acceptance of which the Bank shall not be guilty of any negligence and in such cases no liability shall be incurred by the Bank in respect thereto.

5. This agreement may be determined by either party giving to the other party one year's notice in writing expiring on the 31st day of March in any year, such notice if given by or on behalf of the Punjab Government to be addressed to the Governor of the Bank and to be served by being left at the Head Office of the Bank and if given by the Bank to be served by leaving the same with or addressing the same by registered post to the Secretary to the Government of the Punjab in the Finance Department and immediately upon the expiration of such notice this agreement shall absolutely cease and determine save as to rights or liabilities acquired or incurred prior to such termination.

6. Nothing in this agreement shall operate to affect in any way the obligations imposed either on the Punjab Government or on the Bank by or under the Act or any subsequent amendment or amendments of the Act.

7. The Bank shall be entitled to perform all or any of the matters contained in this agreement through such agency or agencies as may be prescribed by the Act or any amendment thereof or as may be approved by the Punjab Government.

8. In the event of any dispute arising as to the terms and conditions of his agreement such disputes or any differences of opinion shall, in the event of the parties hereto failing to reach an agreement, be referred to an officer to be nominated by the Governor General whose decision shall be final and binding as between the parties hereto.

IN WITNESS whereof Charles MacIvor Grant Ogilvie, Secretary to the Government of the Punjab in the Finance Department by the order and direction of the Governor of the Punjab in Council acting for and on behalf of the Secretary of State for India in Council has hereunto set his hand and the Reserve Bank of India has caused its Common Seal to be hereunto affixed the day and year first above written.

SIGNED by the abovenamed Charles MacIvor Grant Ogilvie Secretary to the Government of the Punjab in the Finance Department by the order and direction of the Governor of the Punjab in Council acting for and on behalf of the Secretary of State for India in Council in the presence of

C. MACIVOR G. OGILVIE

A. D. Grindal,

Deputy Secy. to Govt., Punjab, Finance Department, Lahore.

THE COMMON SEAL of the abovenamed Reserve Bank of India was hereunto affixed in the presence of Sir Sikander Hyat-Khan, K.B.E., a Deputy Governor and Sir Purshotamdas Thakurdas, Kt., C.I.E., M.B.E., and Framroz Edulji Dinshaw, Esquire : two of the Directors of the said Bank who in token thereof have hereunto signed their names in the presence of

S. HAYAT-KHAN,
Dy. Governor.
PURSHOTAMDAS THAKURDAS,
F. E. DINSHAW,
Directors.

K. G. AMBEGAOKAR,

Secretary, Reserve Bank of India.

PERCENTAGE OF REPRESENTATION OF BRAHMINS, NON-BRAHMINS AND THE DEPRESSED CLASSES IN THE CIVIL AND POSTAL AUDIT OFFICES, MADRAS.

THE HONOURABLE MR. A. J. RAISMAN (Government of India : Nominated Official) : Sir, I lay on the table the information promised in reply to question No. 113 asked by the Honourable Diwan Bahadur G. Narayanaswami Chetty on the 23rd September, 1935.

(i) The percentage composition of the classes of the majority community are furnished below :

1929.

	Office of the Accountant General, Madras.		Office of the Deputy Accountant General, Posts and Telegraphs, Madras.	
	No.	Percentage.	No.	Percentage.
Brahmins	380	71.9	254	79.6
Non-Brahmins	148	27.9	62	19.5
Depressed classes	1	.2	3	.9

1934.

	Office of the Accountant General, Madras.		Office of the Deputy Accountant General, Posts and Telegraphs, Madras.	
	No.	Percentage.	No.	Percentage.
Brahmins	273	73.4	269	79.8
Non-Brahmins	103	25.9	64	19.
Depressed classes	3	.7	4	1.2

(ii) The facts are not exactly as stated. The Auditor General issued orders in 1929 that the rules of the Government of Madras should be followed for recruitment in the offices of the Accountant General, Madras, and the Deputy Accountant General, Posts and Telegraphs, Madras, with the exception that in the regulation of recruitment in these offices the word "Hindu" should be substituted for the word "Brahmin" or "Non-Brahmin" whenever it occurs in the orders of the Local Government and that the heads of offices should see that the Non-Brahmins get a fair share of the appointments.

(iii) In view of the reply to part (ii) of the question part (iii) does not really arise. I may, however, add for the information of the Honourable Member that the Government of India have recently ordered that although the unreserved quota of vacancies should not be formally divided among the various sections of the majority community, such as Brahmins, non-Brahmins and depressed classes, it is desirable that in the vacancies available for Hindus as a whole there should not be an undue preponderance of any one section of the Hindu community. The Auditor General has issued orders designed to give effect to these instructions.

RETRENCHMENTS MADE SINCE 1930 IN THE GOVERNMENT OF INDIA AND ATTACHED OFFICES.

THE HONOURABLE MR. A. J. RAISMAN (Government of India: Nominated Official): Sir, I lay on the table the information promised in reply to question No. 130 asked by the Honourable Rai Bahadur Lala Mathura Prasad Mehrotra on the 28th September, 1935.

Statement showing retrenchments made since 1930 in the various Departments of the Government of India and Attached Offices.

Designation of post.	Scale of pay.	No. of posts retrenched.	Permanent or temporary.	Remarks.
<i>Government of India Secretariats.</i>				
Consulting Engineer to the Government of India.	Rs. 2,750 plus overseas pay of £13-6-8.	1	Permanent.	
Deputy Secretary	Rs. 1,500-50-2,000	1	Permanent.	
Additional Deputy Secretary.	Pay on the I.C.S. scale plus a special pay of Rs. 400 subject to a maximum of Rs. 2,250.	1	Temporary.	Created annually for five months of winter season.

Statement showing retrenchments made since 1930 in the various Departments of the Government of India and Attached Offices—contd.

Designation of post.	Scale of pay.	No. of posts retrenched.	Permanent or temporary.	Remarks.
<i>Government of India Secretariats—contd.</i>				
Establishment Officer	Rs. 1,500-50-1,750	1	Permanent.	
Under Secretary	Pay on junior I.C.S. scale plus special pay of Rs. 300.	1	Permanent.	Held in abeyance since 1st April 1932.
Officer-in-charge, Medal Distribution, Army Department.	Rs. 1,000	1	Permanent.	
Assistant Secretary	Rs. 1,000-50-1,250	6*	Permanent.	*One post sanctioned from 1st April, 1931 but vacant and surrendered from 1st March, 1932.
Attache	Rs. 600-40-1,000 .	1	Permanent.	
Superintendent	Rs. 600-40-800 .	5	Permanent.	
Ditto	Rs. 500-40-700 .	1	Permanent.	
Assistant, upper time-scale.	Rs. 375-25-500 .	1	Permanent.	
Ditto	Rs. 175-15-500† .	4	Permanent.	†Railway Department scales.
Ditto	Rs. 180-15-450† .	2	Permanent.	
Ditto	Rs. 180-15-450† .	1	Temporary.	
Assistant, ordinary scale	Rs. 200-15-500 .	29‡§	Permanent.	‡Five posts quasi-permanent. §One post carrying a special pay of Rs. 50 per mensem.
Ditto	Rs. 200-15-500 .	1	Temporary.	
Ditto	Rs. 175	2	Temporary||	} || Probationers.
Ditto	Rs. 100	1	Temporary||	
Council Reporter	Rs. 450-25-750 .	2	Permanent.	
Clerks, 2nd division—				
Special grade	Rs. 300-25-350 .	3	Permanent.	
Ordinary grade	Rs. 100-8-300 .	37¶	Permanent.	¶Four posts quasi-permanent.
Ditto	Rs. 100-8-300 .	1	Temporary.	
Ditto	Rs. 100-8-300. Probation at Rs. 80.	1	Temporary.	
Ditto	Rs. 100-8-260** .	1	Permanent.	**Railway Department scale.
Ditto	Rs. 100-8-260 .	1	Temporary.	
Ditto	Rs. 150 fixed pay	3	Temporary.	
Clerks, routine division	Rs. 90-4-170 .	2	Permanent.	
Ditto	Rs. 75-5-150 .	3	Permanent.	
Ditto	Rs. 75-5-150 .	1	Temporary.	
Ditto	Rs. 75-5-150. Probation Rs. 75.	1	Temporary.	
Stenographer	Rs. 175-12½-375-15-450-25-500.	2††	Permanent.	††One post carrying special pay of Rs. 50.
Ditto	Rs. 175-12½-375-15-450-25-500. Probation Rs. 175.	1	Temporary.	
Ditto	Rs. 175-9-400 .	3	Permanent.	

Statement showing retrenchments made since 1930 in the various Departments of the Government of India and Attached Offices—contd.

Designation of post.	Scale of pay.	No. of posts retrenched.	Permanent or temporary.	Remarks.
<i>Government of India Secretariats—concl'd.</i>				
Stenographer	Rs. 150-10-300	1	Temporary.	
Ditto	Rs. 150-10-300	1	Permanent.	
Puncher	Rs. 70	1	Permanent.	
Record sorter	Rs. 20-1-40	3	Permanent.	
Duftry	Rs. 15-1-35	8	Permanent.	
Jemadar	Rs. 25-1-30	2	Permanent.	
Ditto	Rs. 25-1-30	1	Temporary.	
Ditto	Rs. 22-1-27	3	Permanent.	
Dafadar	Rs. 17-1-22	2	Permanent.	
Peon	Rs. 14-1/5-16	42*	Permanent.	*Fourteen posts quasi-permanent.
Ditto	Rs. 14-1/5-16	8	Temporary.	
Ditto	Rs. 14	1	Temporary.	
Farash	Rs. 14-1/5-16	16	Permanent.	
Sweeper	Rs. 14	7	Temporary.	

Footnote.

(i) In the Army Department 9 3rd division posts were created in 1932 in place of the posts of 1 assistant secretary, 1 superintendent, 6 assistants and five 2nd division clerks which were retrenched.

(ii) In the Home Department 7 posts of 3rd division clerks and 1 of stenographer were created in lieu of posts of 1 superintendent, 2 assistants and five 3rd division clerks.

Designation of post.	Scale of pay.	No. of posts retrenched.	Permanent or temporary.	Remarks.
<i>Attached Offices.</i>				
Member, Public Service Commission.	Rs. 3,500	1	Permanent.	
Secretary, Central Board of Revenue.	*Senior scale of I. C. S. and special pay of Rs. 300 per mensem.	1	"	*Replaced by Secretary on Rs. 1,000-50-1,250.
Deputy Director-General, Archaeology for Exploration.	Rs. 350-50-1,200 plus special pay Rs. 250 per mensem.	1	"	
Deputy Director General Staff, Posts and Telegraphs Department.	Rs. 1,750-100-2,250.	1	"	
Director of Purchase (Indian Stores Department).	Rs. 2,000-100-2,500.	1	"	
Director of Inspection .	Rs. 2,250-100-2,750.	1	"	
Special Officer, Exploration (Archaeology).	Rs. 350-50-1,200	1	"	

Statement showing retrenchments made since 1930 in the various Departments of the Government of India and Attached Offices—contd.

Designation of post.	Scale of pay.	No. of posts retrenched.	Permanent or temporary.	Remarks.
<i>Attached Offices—contd.</i>				
Deputy Chief Engineer, Telegraphs (Posts and Telegraphs).	Rs. 1,750-100-2,150 <i>plus</i> special pay Rs. 175 per mensem.	1	Permanent.	
Controller of Telegraph Traffic.	Rs. 1,000-50-1,500 <i>plus</i> special pay Rs. 150 per mensem.	1	"	
Assistant Director General, Postal.	Rs. 1,000-50-1,500 <i>plus</i> special pay Rs. 125 per mensem.	1	"	
Assistant Director General, Telegraph Traffic.	Ditto.	1	"	
Assistant Superintendent Excavation (Archaeology.)	Rs. 350-50-1,000	1	"	
Excavation Assistant	Rs. 250-10-350	1	"	
Assistant to Director General, Telegraph Traffic.	Rs. 350-20-550-30-700 <i>plus</i> special pay Rs. 100 per mensem.	1	"	
Budget Superintendent (Posts and Telegraphs Department).	Rs. 500-25-700	1	"	
Assistant Controller of Printing and Stationery.	Rs. 500 20-600	1	"	
Manager and Chief Pilot of Indian State Air Service.	Rs. 1,500	1	Temporary.	
Assistant Director General, Postal.	Rs. 1,000-50-1,500 <i>plus</i> special pay Rs. 125 per mensem.	1	"	
Chief Engineer, Indian State Air Service.	Rs. 900 per mensem.	1	"	
Chief Superintendent	Rs. 600-40-800	1	Permanent.	
Superintendent	Rs. 500-40-700	1	"	
Ditto.	Rs. 350-25-600	4	"	
Assistant	Rs. 200-12-440	6	"	
	Rs. 120-8-160-10-350.	44	"	
	Rs. 120-8-160-10-350.	4*	Temporary.	*Three posts since revived.
	Rs. 120-8-160-10-300.	1	Permanent.	
Stenographer	Rs. 150-10-300-12½-400.	3	"	
"	Rs. 150 per mensem.	1	Temporary.	

Statement showing retrenchments made since 1830 in the various Departments of the Government of India and Attached Offices—contd.

Designation of post.	Scale of pay.	No. of posts retrenched.	Permanent or temporary.	Remarks.
<i>Attached Offices—concl'd.</i>				
Official photographer	Rs. 250-10-350	1	Permanent.	
Ditto	Rs. 150-5-250	1	"	
Draftsman	Rs. 150-5-250	1	"	
Ditto	Rs. 110-5-160	1	"	
Ditto	Rs. 100-8-260	2	"	
Draftsman clerk	Rs. 75-4-155	1	"	
Modeller	Rs. 100-10-200	1	"	
Head clerk	Rs. 160-10-200	1	"	
Clerks	Rs. 90-5-125	1	"	
Ditto	Rs. 74-4-175	3	"	
	Rs. 75-4-155 with selection grade.	12*	"	*Four posts since revived.
	Rs. 160-5-175 Ditto	8†	Temporary	†Six posts since revived.
Van clerk	Rs. 75 per men- sem.	2	"	
	Ditto	1	"	For winter season. Ditto.
Van driver	Rs. 50 per men- sem.	1	"	
Store keeper	Rs. 35 plus person- al pay Rs. 5 per mensem.	1	Permanent.	
Tracer	Rs. 75-5-150	3	Temporary.	
Ditto	Rs. 43-3-75	1	Permanent.	
Under mason	Rs. 42-8-0 per mensem.	1	Permanent.	
Mate	Rs. 25	1	"	
Record lifter	Rs. 20-1-40	5	"	
Duffry	Rs. 15-1-35	3	"	
Ditto	Rs. 15-1-25	1	Temporary.	
Ditto	Rs. 15 per mensem	1	"	
Jamadar	Rs. 22-1-27	1	Permanent.	
Daffadar	Rs. 17-1-22	3	"	
Peons	Rs. 15-1/5-20	14	"	
	Rs. 14-1/5-16	16	"	
	Rs. 14-1/5-16	6‡	Temporary	‡Two posts since revived.
	Rs. 14 per mensem	1	"	
	Rs. 16 per mensem	2	Permanent.	
	Rs. 17 per mensem	1	"	
Farash	Rs. 15-1/5-20	2	"	
Chowkidar	Rs. 15-1/5-20	1	"	
Ditto	Rs. 17 per mensem	1	"	
Ditto	Rs. 17 per mensem	1	Temporary.	
Coolie	Rs. 17 per mensem	5	Permanent.	
Bhistie	Rs. 17 per mensem	1	Temporary.	

Statement showing retrenchments made since 1930 in the various Departments of the Government of India and Attached Offices—contd.

Designation of post.	Scale of pay.	No. of posts retrenched.	Permanent or temporary.	Remarks.
<i>Army Headquarters.</i>				
Superintendents	Rs. 500-40-700 . . .	3	Permanent	
Assistant, upper time-scale.	Rs. 350-20-450 . . .	1*	"	*Converted into a 3rd division (girls') post on Rs. 100-5-170.
Assistant, lower time-scale.	Rs. 200-12-400 . . .	12†	"	†Six posts converted into one 2nd division post on Rs. 90-8-250 ; two Indian A. C. C. posts on Rs. 50-4-90-3-120 ; three 3rd division (girls') post on Rs. 100-5-170.
Head translator	Rs. 200-10-300 . . .	1	"	
Head draftsman	Rs. 400-20-500 . . .	1	"	
Technical clerk	Rs. 330 per mensm.	1	"	
Clerk, special grade . . .	Rs. 250-25-300 . . .	2	"	
Clerk, 3rd division . . .	Rs. 90-4-170 . . .	12	"	
Duftry	Rs. 15-1-35 . . .	4	"	
Peon	Rs. 14-1/5-16 . . .	21	"	

WOODEN SLEEPERS PURCHASED BY RAILWAYS AND TIMBER USED IN CARRIAGE AND WAGON SHOPS DURING 1933-34.

THE HONOURABLE SIR GUTHRIE RUSSELL (Chief Commissioner of Railways): Sir, I lay on the table the information promised in reply to part (d) of question No. 140 asked by the Honourable Rai Bahadur Lala Jagdish Prasad on the 20th April, 1934.

(d) Particulars of wooden sleepers and timber purchased by the railways during 1933-34 are given below.

A.

Broad gauge wooden sleepers purchased in 1933-34 (In lakhs.)

Railway.	Southern group.		Eastern group.	Northern group.				Total.
	Teak.	Mixed.	Sal.	Deodar.	Chir.	Fir.	Kail.	
Bengal Nagpur	1.00	..	..	..	..	1.00
Bombay, Baroda and Central India.50	..	..	..	..	.50
Eastern Bengal	1.27 (1st class) .08 (2nd class)	..	..	..	..	1.35
East Indian &	(a) 2.49	..	..	..	..	2.49
Great Indian Peninsula75	..	..	..	..	.75
Madras and Southern Mahratta.74	..	..	..	..	.74
North Western	(b) 3.62	.83	.59	.21	5.25
H. E. H. the Nizam's State.04	..	..	..	..	.04
South Indian . . . .	.05	.20	..	..	..	..	..	.25
GRAND TOTAL	.05	.20	6.87	3.62	.83	.59	.21	12.37

(a) Includes 2.09 Nepal sal sleepers.

(b) Includes .02 2nd class sleepers.

B.

Metre gauge sleepers purchased in 1933-34. (In lakhs.)

Railway.	Southern group.		Terai group.	Eastern group.	Northern group.	Hollong and Hollock Naharkatya (Assam Bengal Railway).	Total.
	Teak.	Mixed.	Sal.	Sal.	Deodar.		
Assam Bengal . . . . .	..	..	..	.40	..	.78	1.18
Bengal and North-Western.	..	..	1.79	(a) 1.00	..	..	2.79
Bikaner . . . . .	..	..	..	.65	..	..	.65
Bombay, Baroda and Central India.	..	..	..	(b) 2.45	..	..	2.45
Eastern Bengal . . . . .	..	..	..	.18	..	..	.18
Jodhpur . . . . .	..	..	..	.59	..	..	.59
Madras and Southern Mahratta.	1.10	..	..	..	..	..	1.10
H. E. H. the Nizam's State.	..	..	..	.03	..	..	.03
Rohilkund and Kumaon.	..	..	.12	..	..	..	.12
South Indian . . . . .	.17	.85	..	..	..	..	1.02
GRAND TOTAL	1.27	.85	(a) 1.91	5.30	..	.78	10.11 (d) .19 10.30

- (a) Includes .50 Nepal sal sleepers.
 (b) Includes .17 Nepal sal sleepers.
 (c) Includes .37 special 2nd class.

Narrow gauge.
 The total number purchased was 2.204 sal by Eastern group.
 (d) .19 Nabor sleepers purchased by Assam Bengal Railway.

C.

Average price paid by sleeper groups for "Ordinary" sleepers F. O. R.

Group.	Timber.	1933-34.		
		Rs.	A.	P.
<i>Broad gauge.</i>				
Eastern	Sal	5	1	4
Southern	Teak (Indian)	(a)	7	4
	Mixed species	(c)	8	0
		(c)	5	2
		(d)	4	12
Northern	Deodar		6	3
	Chir (b)		3	6
	Fir (b)		3	3
		(e)	2	12
	Kail (b)		3	9

Northern group—Three year contract (up to July, 1936) deodar Rs. 4-12-0, chir Rs. 3-2-0, fir Rs. 2-12-0 and kail Rs. 3-8-0. Fir was supplied against shortage in kail. Sixth year quota of five year agreement up to July, 1934, deodar Rs. 6-8-0.

- (a) From Nepal.
 (b) For treatment with creosote and liquid fuel at Dhilwan.
 (c) Madras Forest Department.
 (d) Non-Government contractors.
 (e) Special order of fir with the Punjab Government, Forest Department.

D.

Average price paid by sleeper groups for "Ordinary" sleepers F. O. R.—contd.

Group.	Timber.	1933-34.
		Rs. A. P.
Metre gauge—		
Eastern	Sal	1 15 0
Terai	Sal	(a) 2 14 0
	Mixed species	(b) 2 5 0
Southern	Teak (Indian)	(c) 2 0 0
Northern		(d) 3 0 0
Naharkatya	Mixed species	(e) 3 8 0
treating plant	Deodar	2 11 0
(Assam Bengal	Hollong and Hollock . . . . .	.....
Railway).		.....
		Five year contract
		(up to 30th June,
		1933) Rs. 2-4-0
		Fresh contract for
		one lakh Rs. 1-6-0.
Narrow gauge—	Nahor	1 4 0
Eastern	Sal	1 4 0

(a) From Nepal.

(b) For 1st class only. For special 2nd class average rate is Rs. 1-8-0.

(c) Madras Forest Department.

(d) Bombay Forest Department.

(e) Non-Government contractors.

E.

"Specials" were purchased by individual Railways at the following rates.

Railway.	Timber.	Price per cubic foot F. O. R.
		Rs. A. P.
Assam Bengal	Sal	1 6 0
		to
		1 10 0
Bengal Nagpur—		
Broad gauge	Sal	1 1 6
		to
Metre gauge	Sal	1 8 0
		to
Bikaner State	Sal	1 3 0
		to
Eastern Bengal—	Sal	1 8 0
	Deodar	1 11 0
		(6' × 8" × 6").
Broad gauge	Sal	1 4 0
		to
		2 0 0
		to
Metre gauge	Sal	1 0 0
		to
		1 4 0
		(7' to 12' × 8" × 4½"
		to 8" × 8").

F. O. R. Assam
Bengal railway
stations.

E—contd.

"Specials" were purchased by individual Railways at the following rates—contd.

Railway.	Timber.	Price per cubic foot F. O. R.	
		Rs.	A. P.
H. E. H. the Nizam's State— Broad gauge Metre gauge	Sal	1 10 0	F. O. R. Bengal Nagpur railway stations.
	Sal	1 6 0	
	Sal points and crossings.	1 8 0	
Bombay, Baroda and Central India.	Sal	1 12 9	F. O. R. Bombay.
		to	
		1 14 0	
Madras and Southern Mahratta	Teak (Burma)	2 13 0	C. I. F. Bombay.
		to	
		3 4 4	
Jodhpur	Teak (Burma)	4 13 7	(Through rate) F. O. R. Madras.
	Teak (Indian)	3 8 5	
	Sal	1 6 3	
Great Indian Peninsula	Sal	1 3 0	(Through rate) from Eastern Group. (6' × 8" × 6".)
		to	
		1 3 9	
Bengal and North-Western and Rohilkund and Ku- maon.	Sal	1 6 0	F. O. R. Bengal Nagpur railway stations.
		to	
		2 2 9	
East Indian	Sal (Assam, 1st class).	5 8 0	
	Sal (Central Pro- vinces, 1st class).	5 8 0	

F.
Timber used in Carriage and Wagon Shops in India during 1933-34.

Railway.		Form in which bought and approximate average cost per ton in rupees.												How employed.					
		Teak.				Burma teak.				Indian teak.						Indigenous timber other than teak.			
		Total consumption in terms of timber in the job.		Indigenous timber other than teak.		Squares.		Sawn timber.		Legs.		Squares.				Sawn timber.		Floor boards.		Repairs.
Tons.	Rs. per ton.	Tons.	Rs. per ton.	Tons.	Rs. per ton.	Tons.	Rs. per ton.	Tons.	Rs. per ton.	Tons.	Rs. per ton.	Tons.	Rs. per ton.	Tons.	Rs. per ton.	Tons.	Rs. per ton.		
A. B.	143	31	328	60	370	201	...	...	...	...	...	...	...	...	...	...	...	26	74
B. N.	1,064	61	636	39	719	239	...	...	...	...	...	...	...	...	...	...	...	3	97
B. N. W.	31	46	203	54	457	147	...	...	...	...	...	...	...	...	...	...	...	...	100
B. B. C. I. (B. G.)	412	41	684	69	850	221	...	...	...	...	...	...	...	...	...	...	...	23	78
B. B. C. I. (M. G.)	533	77	163	23	1,351	164	...	...	...	...	...	...	...	...	...	...	...	48	53
M. E.	232	26	664	74	410	133	...	...	...	...	...	...	...	...	...	...	...	1	99
M. I.	544	33	1,174	66	946	148	...	...	...	...	...	...	...	...	...	...	...	7	93
G. I. P. (Mat.)	849	64	487	56	968	338	...	...	...	...	...	...	...	...	...	...	...	3	97
G. I. P. (Jhr.)	194	43	283	57	244	331	...	...	...	...	...	...	...	...	...	...	...	...	100
M. S. M. (Per.)	363	63	328	97	371	240	...	...	...	...	...	...	...	...	...	...	...	45	55
M. S. M. (Hub.)	269	77	65	23	108	237	...	...	...	...	...	...	...	...	...	...	...	59	41
N. W.	438	18	2,547	86	711	364	...	...	...	...	...	...	...	...	...	...	...	14	86
B. & K.	13	26	28	65	51	194	...	...	...	...	...	...	...	...	...	...	...	6	94
S. I.	535	86	91	15	700	288	...	...	...	...	...	...	...	...	...	...	...	55	45
N. S.	94	57	174	83	17	240	...	...	...	...	...	...	...	...	...	...	...	...	70
Jodhpur	107	79	39	21	195	204	...	...	...	...	...	...	...	...	...	...	...	...	...
Burma	168	66	73	33	317	134	...	...	...	...	...	...	...	...	...	...	...	...	100

B. G. = Broad gauge.

M. G. = Metre gauge.

Mat. = Matunga.

Jhr. = Jhansi.

Per. = Perambur.

Hub. = Hubli.

ALARM SIGNALS IN THE COACHING STOCK OF THE DIBRU-SAIDYA RAILWAY

THE HONOURABLE SIR GUTHRIE RUSSELL (Chief Commissioner of Railways): Sir, I lay on the table the information promised in reply to question No. 127 asked by the Honourable Mr. H. P. Barua on the 28th September, 1935.

(a), (b) and (c). It is a fact that the Dibru-Saidya Railway coaching stock is not equipped with communication cords or alarm signals, because this railway runs over short distances between stations, the greatest being $7\frac{1}{2}$ miles.

Tinsukia station is a joint station of the Dibru-Saidya and Assam Bengal Railways. It is not a fact that there have been dacoities on this Railway near about Tinsukia or elsewhere on that line. There was however a dacoity near Tinsukia some time last year but this took place on an Assam Bengal Railway train on the Assam Bengal Railway.

TERMINAL AND PILGRIM TAXES.

THE HONOURABLE SIR GUTHRIE RUSSELL (Chief Commissioner of Railways): Sir, I lay on the table the information promised in reply to question No. 152 asked by the Honourable Mr. Hossain Imam on the 28th September, 1935.

Statement relating to terminal and pilgrim taxes.

Name of municipality.	Number and date of the notifications.
Howrah . . .	No. 1725M., dated the 20th December, 1911.
Gaya	{ No. 1512M. R., dated the 22nd October, 1921. No. 5273L.S.G., dated the 9th December, 1921.
Benares . . .	No. 2553/XI-538D., dated the 23rd October, 1924.
Allahabad . . .	No. 83/XI-595E., dated the 13th January, 1925.
Fyzabad . . .	No. 960/XI-421 E., dated the 5th April, 1929.
Mirzapur . . .	No. 200/XI-817 E., dated the 23rd January, 1930.
Hardwar . . .	No. 3092/XI-607 E., dated the 29th August, 1932.
Rishikesh . . .	No. 793/XI-76 N., dated the 6th April, 1927.

NUMBER OF EUROPEAN AND INDIAN TRUSTEES IN THE VARIOUS PORT TRUSTS.

THE HONOURABLE MR. T. A. STEWART (Commerce Secretary): Sir, I lay on the table the information promised in reply to question No. 65 asked by the Honourable Sir Phiroze Sethna on the 18th September, 1935.

Statement showing the number of European and Indian Trustees in the various Port Trusts.

Port Trust	On 1st April, 1932.		On 1st April, 1935.		Remarks.
	Euro-peans.	Indians.	Euro-peans.	Indians.	
1. Chittagong	7	5	7	5	* Increase of one is due to the fact that in 1932 the Agent, Eastern Bengal Railway (an ex-officio Trustee) was an Indian, whereas in 1935 the incumbent was a European.
2. Calcutta	13	6	14*	5	
3. Madras	10	4	10	4	† Increase of one is due to the fact that in 1932 the Municipal Commissioner for the City of Bombay (a nominated Trustee) was an Indian whereas in 1935, the post was filled by a European.
4. Bombay	13	9	14†	8	
5. Karachi	8	6	9‡	6	‡ The number of Trustees was increased from 14 to 15 in 1933 by Bombay Act No. IX of 1933, the additional seat being allotted to the Principal Officer, Mercantile Marine Department, Karachi.
6. Rangoon	12	5	12	5	§ Also one Arab member in each year.
7. Aden	8	2§	8	2§	

PROVISION OF LIGHTS ON ROADS LEADING TO SWEEPERS' QUARTERS, NEW DELHI.

THE HONOURABLE KUNWAR SIR JAGDISH PRASAD (Education, Health and Lands Member): Sir, I lay on the table the information promised in reply to question No. 132 asked by the Honourable Rai Bahadur Lala Mathura Prasad Mehrotra on the 28th September, 1935.

(a) and (b). The quarters referred to by the Honourable Member are not in the jungle. There are lights along the main road in front of these quarters. It is hoped, if funds permit, to provide lights at the back during the next financial year. Neither the New Delhi Municipal Committee who are responsible for providing the road lighting in the area nor the Central Public Works Department appear to have received any complaints from the occupants of the quarters.

MESSAGES FROM HIS EXCELLENCY THE GOVERNOR GENERAL

THE HONOURABLE THE PRESIDENT: Honourable Members, I have Messages to be delivered to you from His Excellency the Governor General. The Messages are in the form of the following Orders :

The first Order :

PANEL OF CHAIRMEN.

" In pursuance of the provision 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 the Panel of Chairmen of the said Council of State :

In the first place, the Honourable Sir Phiroze Sethna ; in the second place, the Honourable Rai Bahadur Lala Ram Saran Das ; in the third place, the Honourable Saiyed Mohamed Padshah Sahib Bahadur ; and lastly, the Honourable Sir David Devadoss.

New Delhi :
The 24th January, 1936. }

(Sd.) WILLINGDON,
Viceroy and Governor General "

The second Order :

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 Monday, the 17th February, for the presentation to the Council of State, and Thursday, the 20th February, for the general discussion in the Council of State, of the statement of estimated annual expenditure and revenue of the Governor General in Council in respect of Railways.

New Delhi :
The 26th January, 1936. }

(Sd.) WILLINGDON,
Viceroy and Governor General "

The third Order :

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 Friday, the 28th February, at 5 p.m., for the presentation to the Council of State, and Friday, the 6th 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 :
The 26th January, 1936. }

(Sd.) WILLINGDON,
Viceroy and Governor General "

The fourth Order :

" 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.

The 24th January, 1936.

(Sd.) WILLINGDON,
Viceroy and Governor General."

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

[Mr. President.]

four members. The following 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 Raja Charanjit Singh and as Members, the Honourable Khan Bahadur Syed Abdul Hafeez, the Honourable Sir David Devadoss, the Honourable Mr. Satyendra Chandra Ghose Maulik and the Honourable Rai Bahadur Lala Jagdish Prasad.

APPOINTMENT OF THE HONOURABLE DIWAN BAHADUR SIR RAMUNNI MENON, Kt., TO THE LIBRARY COMMITTEE OF THE INDIAN LEGISLATURE.

THE HONOURABLE THE PRESIDENT : The resignation of Mr. G. H. Spence has created a vacancy on the Library Committee of the Indian Legislature. I am glad to inform the House that the Honourable Diwan Bahadur Sir Ramunni Menon, Kt., has accepted my invitation to fill the office.

CONGRATULATIONS TO RECIPIENTS OF HONOURS.

THE HONOURABLE KUNWAR SIR JAGDISH PRASAD (Leader of the House) : Sir, it is my very pleasant duty to offer to you, on behalf of this Council, our warmest congratulations on your promotion to the dignity of a Knight Commander of the Most Exalted Order of the Star of India. For more than three years, Sir, you have presided over the deliberations of this Council with dignity, firmness, tact and absolute impartiality. You have not only won our respect but our warm regard. We wish you many, many years of robust health to enjoy your new decoration.

THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa : Muhammadan) : Sir, I rise to associate myself with the remarks that fell from the Honourable the Leader of the House. We, on this side of the House, also highly appreciate the Honour that has been conferred upon you. We regard it as a concession to public sentiment that you were elevated to the Chair, and now your Honour comes as an appreciation of modern democracy. I associate myself with the remarks that have been made.

THE HONOURABLE MR. G. S. KHAPARDE (Berar Representative) : I come from the same province as the Honourable the President and I deem it a great honour to my province that the K. C. S. I. which has never so far come to our province at all has come for the first time. So, I congratulate both myself and my province, as well as the Honourable the President, in having achieved this unique distinction. I hope God will bless you, Sir, with long life to enjoy the Honours that have already come and may they be followed by many more.

THE HONOURABLE MR. P. N. SAPRU (United Provinces Southern : Non-Muhammadan) : Will you permit me, Sir, as a very junior Member to join in the congratulations which have been offered by the leader of the House on behalf of us all ?

Sir, you have not only won our respect, you have also won our affections by your goodness, by your desire to be fair to all sections of the House. Sir, we whole-heartedly associate ourselves with the Honourable Leader in the tribute that has been paid you.

THE HONOURABLE THE PRESIDENT : The Honourable Leader of the House and Honourable Members, I am deeply grateful to the Honourable Leader of the House and other Honourable Members for what they have said about me on my elevation to the dignity of K.C.S.I. I am not vain enough to think that this Honour has been conferred on me on account of my personal merit, but I submit that it is in recognition of the position now held by the Council of State and I regard this as an honour to the Council of State generally. If I have succeeded in obtaining your approbation regarding my work and if I have been fortunate enough to obtain any little success, it is all due to you Honourable Members who have during the last three years of my office helped me in maintaining the dignity and prestige of this House and in performing my duties to your satisfaction. It is also due to the help which you have consistently given me in the matter of enforcing discipline and in maintaining fully order and discipline in this House. This Council has always been an example to other Legislatures in many directions and I think it will always continue to be and I hope it will. I thank you all again for the kind manner in which you have referred to my work. (Applause.)

It is now the customary privilege of the President of the Council to offer on behalf of the Council and himself congratulations to the recipients of Honours in the New Year's Gazette. The first name which draws our attention is of my very old and esteemed friend who comes from my province, Sir David George Mitchell, who has obtained the well-merited Honour of K.C.I.E. It is not possible for me to refer to his various services on account of the shortness of the time at my disposal, but I can inform you that both in the Central Provinces and in the Government of India he has from time to time held very high and distinguished offices and merited the confidence of both Governments. He was also in this Council some time ago, as an officiating Member of the Executive Council first and afterwards as Leader of the House, and his work is too well known to you all to require me to say anything in praise of him. He has been a very unostentatious man and he thoroughly deserves this great Honour, and I am sure he will be glad to hear that the House has received with approbation the news of the Honour conferred on him. (Applause.)

The next gentleman to whom I wish to refer is Mr. John Bartley. He is not a sitting Member of the House now but many of you Honourable Members will remember that some time ago he was Secretary to this Council. He is a very capable man and has done valuable service in the Legislative Department of the Government of India. He is highly spoken of by everybody and I am grateful to him personally for the valuable assistance he gave me as Secretary of the Council.

I have also much pleasure in congratulating the Honourable Mr. Satyendra Chandra Ghosh Maulik, a zemindar who richly deserves this high distinction.

The next name to which I refer with considerable pleasure is that of our esteemed friend the Honourable Sir Josna Ghosal. You all know him very well. After a distinguished record of public service in the Bombay Presidency he retired full of honours. He then obtained the Honours of C.S.I. and C.I.E. He joined the Council of State some years ago and has since then been a well known figure in this House. His courtesy, kindness, perseverance and affability as Government Whip have extorted our admiration. We are all very pleased that this Honour which was long overdue has at last been bestowed and I feel certain you will all rejoice, in the conferment on him of the high distinction of Knighthood. I trust he will live long and that he will continue to serve Government as Whip in the next Council. (Applause.)

[Mr. President.]

I have also to congratulate our friend the Honourable Sir George Riddoch Campbell, the non-official European representative in this House. Unfortunately he is not here today, but none the less our pleasure is great and we all congratulate him very cordially on the Royal mark of favour which he has received. I am perfectly certain that he will in the near future turn out a very useful Member of this Council.

One other name to which I wish to refer is that of an officer who has rendered very great service to the Government of India and who has been for some time an Honourable Member of this House, I mean Mr. Tennant Sloan, who has received the well-merited Honour of C.S.I. He is one of the most capable officials of the Government of India where he has served for many years and by dint of industry, perseverance and exercise of great natural abilities he possesses he has been able to secure a very firm footing in the Government of India, and the Honour which has been conferred upon him is very richly deserved.

THE HONOURABLE SIR JOSNA GHOSAL (Bombay : Nominated Non-Official) : Sir, I am very grateful to you for your kind words of congratulation.

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 Simla session, 1935, namely :

- The Aligarh Muslim University (Amendment) Act, 1935.
- The Indian Army (Amendment) Act, 1935.
- The Central Provinces Courts (Supplementary) Act, 1935.
- The Provincial Small Cause Courts (Amendment) Act, 1935.
- The Provincial Insolvency (Amendment) Act, 1935.
- The Factories (Amendment) Act, 1935.
- The Repealing and Amending Act, 1935.
- The Jubbulpore and Chhattisgarh Divisions (Divorce Proceedings Validation) Act, 1935.
- The Indian Coffee Cess Act, 1935.

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 13th and 14th February, 1936, namely :

- A Bill further to amend the Code of Criminal Procedure, 1898 ; and
- A Bill to regulate the payment of wages to certain classes of persons employed in industry.

PRESENTATION OF THE RAILWAY BUDGET FOR 1936-37.

THE HONOURABLE SIR GUTHRIE RUSSELL (Chief Commissioner of Railways): Sir, I have the honour to present the statement of estimated revenue and expenditure of the Governor General in Council in respect of railways. I regret that, this year, once more, the picture that I have to present may appear to be a gloomy one,—at least gloomier than any of our reasonable hopes led us to expect—but I would remind the House that in my last Budget speech I suggested that temporary setbacks must be expected, especially if events occurred outside India over which we have no control. I fear that we are now experiencing such a setback, but I think I shall be able to convince the House, by certain observations I shall have occasion to make later, that there are factors, quite beyond our powers to remedy, which have contributed to this setback.

2. In framing our revised estimate last year, we placed our total deficit at Rs. 4·24 crores, which included Rs. 1·85 crores for strategic lines. But the actuals turned out to be a good deal worse, the deficit amounting to Rs. 5·06 crores, including Rs. 1·95 crores on strategic lines. There was a most disappointing fall in traffic receipts during the last few weeks of the year, and, instead of realising our revised budget figure of Rs. 90·75 crores, we only attained Rs. 90·20 crores. In our revised estimate working expenses were placed at Rs. 50·10 crores; they actually amounted to a slightly higher figure, Rs. 50·27.

3. Last year, I remarked that we were justified in making our Budget estimate of earnings for 1935-36 with a spirit of optimism, and I told the House that we thought it might reasonably be placed at Rs. 93·50 crores, but I regret that our hopes have not materialized, and, so far as can be foreseen, we are not likely to exceed Rs. 90 crores, a figure which is Rs. 20 lakhs less than last year and 3·50 crores less than we hoped to get. There is, I fear, little comfort in my announcement, but at least this can be said regarding our revised figure; though it is so much less than we hoped to get, it is very little short of our actual attainment last year, and so does not represent a plunge back into that trough of depression during which our earnings fluctuated between Rs. 84·43 crores and 86·63 crores. If the figures of our earnings are placed on a graph, the curve this year will appear as having flattened out, instead of having risen as we hoped it would; but it has not declined steeply. The fact, however, remains that, instead of the comparatively small deficit of less than 2 crores, which we anticipated, we now expect a gap of 4·54 crores, which is only about ·52 crore less than the deficit of 1934-35.

4. Naturally, with this disappointment confronting us, we must make our estimate for 1936-37 with caution. We hope to stimulate our earnings somewhat by making certain adjustments in our rates and fares, but nothing we can do can have much effect on world causes, which are mainly responsible for the slowing down in our progress to more prosperous times. We are accordingly placing our estimate of gross earnings for the coming year 1936-37 at Rs. 91·25 crores, 1·25 crores better than the current year, and 2·25 crores less than our original estimate for the current year. If our estimate is realised we shall, at the end of next year, have a deficit of Rs. 3·44 crores, which includes 2 crores on strategic lines, as against 4·54 crores, the deficit anticipated this year.

5. Now a few words about our working expenses for the current year, and our estimate for the year 1936-37. Our budget for 1935-36 placed

[Sir Guthrie Russell.]

working expenses at 51·15 crores, a figure higher by about a crore than the previous year, mainly due to the abolition of the out in pay. I need hardly say that the decrease in earnings has been a matter of very great concern to all of us, and we have throughout the year been unremitting in our efforts to reduce expenditure. We have been able to attain some measure of success—to the extent of Rs. 40 lakhs, and our revised estimate is 50·75 crores as against Rs. 51·15 crores, the budgeted figure. Our budget estimate for the coming year's working expenses is placed at Rs. 51·25 crores, a modest increase of Rs. 50 crore in anticipation of a slight development in traffic.

6. In my remarks on net earnings last year, I emphasized that if the railways in India were in the position of a private concern, they would, in spite of trade depression, have money available for dividends, and the same is true this year. But as we have to meet fixed interest charges, there is the deficit I have already mentioned, and hence the criticisms broadcasted everywhere, that Indian Railways are insolvent. But insolvency is a relative term, and the insolvency of Indian Railways is prosperity compared with the British Railway Groups, some of which have not been able to pay a penny's dividend on their ordinary stocks for many years, or compared with certain American Rail-roads which I understand have actually been in the hands of the Receiver.

7. What is our position? Last year after we had set aside Rs. 13·72 crores for the depreciation fund, we realised Rs. 26·21 crores net traffic receipts, to which must be added about Rs. 53 lakhs miscellaneous receipts making a net revenue total of Rs. 26·74 crores. The corresponding figure this year is expected to be Rs. 26·83 crores, very slightly higher, and here again we may claim that the curve of our net revenue, though it has flattened instead of rising, has certainly not rushed down a declivity of further depression. Our budget figure for net revenue in the coming year is 27·67, again a very modest increase. I would point out that our expected net earnings figure this year still amounts to more than 3½ per cent. of our capital at charge. Only recently I received from London, figures showing the net earnings of the four large British Railway Groups. In no case are these as much as 3 per cent. on their capital.

8. Our interest charges at Rs. 31·37 crores are expected to be slightly less than last year, and our deficit will be Rs. 4·54 crores. This will be met by borrowing from the depreciation fund, which at the beginning of the year stood at Rs. 9·50 crores; but as the contributions to the fund during the year are expected to be Rs. 13·26 crores, whereas the expenditure on renewals and replacements will only amount to Rs. 9·25 crores, the balance with the depreciation fund will still be about Rs. 9 crores when this adjustment has been made.

9. It has naturally been a great disappointment to us all that the hopes I held out last year that I should for 1936-37 be in a position to estimate for a small surplus for commercial and strategic lines, are not to be realised. I have already said how concerned we have been at the decline in our earnings, and I want now to tell the Council something about what we have been doing in regard to it. During the last summer we have twice had special conferences of Agents to discuss the position, and while they pointed out certain factors which were affecting earnings, and increasing working expenses, which I intend to comment on briefly later, they were

generally of opinion that the present phase was temporary—a level landing so to speak on an ascending staircase—and that it would not be unduly optimistic to hope for further ascent in our earnings in the future. We decided, as a result of these discussions, to get all railways to review their present financial position, and to forecast its future as far as possible, and, above all, to report to us what factors there were in their opinion beyond their control tending either to restrict earnings or increase working expenses. The result has been a collection of what we have called stock-taking reports, which have brought into strong relief certain very interesting facts, which, without perhaps being individually new, show very clearly, when presented in the aggregate, the difficulties—many of them artificial if I may use the term—under which railways are labouring. I propose now to say something about our stocktaking, and to deal in detail with some of our difficulties.

10. I feel that such remarks will be particularly appropriate as last year after the presentation of the Railway Budget an Honourable Member of this Council suggested to me that, as there were so few occasions on which Honourable Members had a chance of reviewing railway policy, an opportunity might be taken, when the Railway Budget was presented this year, of making a frank statement giving in some detail the main factors which were reacting on railway earnings, the cause and effect of these reactions and the steps which have been taken to counterbalance these adverse factors: this review to be followed by an appreciation of the possibility of an improvement of the position within the next few years.

11. I will now attempt to meet the wishes of the Honourable Member. It has first to be decided for what period the review should be made. I think the natural period to take is from 1924-25 to 1934-35, as it was from the former of these years that Railway revenues were separated from general revenues, and the latter is the last completed financial year. Further this period divides itself naturally into two parts,—the years from 1924-25 to 1929-30 which may be called the years of plenty, and the years 1930-31 to 1934-35 which may be called the years of scarcity.

12. What are the causes which have reduced Railway earnings from an average of about Rs. 101½ crores during the years of plenty to an average of just over Rs. 88½ crores during the years of scarcity? Different Honourable Members may have different ideas on some of the causes, but there are certain ones on which, I think, there can be no doubt whatsoever. I propose to take these first, and I would place them in the following order—

- (a) world conditions and the drop in commodity prices;
- (b) the tariff policy, not only of India, but of practically every other country in the world, many of which in the past were our best customers;
- (c) increased motor competition;
- (d) increased river and sea competition;

and I propose to deal with these causes and the effect they have had on Railway earnings in the order I have given.

13. India is still, despite her entrance into the industrial field, very largely an agricultural country, and her railways get a very large proportion of their revenues from the carriage of agricultural products. It may be taken as axiomatic that, if the price of any particular commodity drops, the acreage under that commodity will also drop. Cotton is probably our

[Sir Guthrie Russell.]

most outstanding example of the cause and effect of a drop or increase in acreage. The cause is, as I have said, a drop or increase in the market price; the effect is a drop or increase in Railway earnings. I think it may also be said that high or low prices have a double effect on Railway earnings, as if the price of cotton rises normally the acreage within a particular area under food crops is reduced. Railways get the benefit of increased cotton traffic: they also get earnings from the import of food crops into the particular area. A drop in acreage has exactly the reverse effect. In a particular area the cotton crop being reduced makes available a larger acreage for the production of food crops and reduces the necessity for the inhabitants to import their foodstuffs. Therefore Railway earnings are reduced both from cotton and from food crops. As an example of how the acreage under cotton may vary, in 1925-26 the acreage was 28,491,000; in 1932 it dropped to 22,488,000 acres, or by just over 6 million acres. As to Railway earnings from this commodity, they dropped from 4½ crores in 1929 to Rs. 3½ crores in 1934-35, a drop for which Railways can in no way be held responsible.

14. Now take wheat. As Honourable Members are aware, India was at one time a large wheat exporting country. The last year in which there has been any considerable export of wheat was 1924-25. Due to the fall in prices, India since then has not been able to get into world parity, this despite the fact that India has been granted a preference under the Ottawa Agreement and that the North Western Railway are prepared to grant a rebate on railway freight of 25 per cent. on exports of wheat from Karachi to ex-Indian ports. There has been an increase in internal consumption from which Railways have possibly benefited, yet our earnings from this commodity have dropped by almost exactly Rs. 2 crores from 1924-25 to 1934-35.

15. Oilseeds are another example of a serious fall in traffic. This fall we believe has been increased by France, one of our best customers in the past, now endeavouring to develop the cultivation of groundnuts in her own African colonies. Traffic in oilseeds has dropped in the last 6 years by Rs. 1½ crores.

16. Jute is another commodity on which Railway earnings have dropped seriously, a very serious matter on such a line as the Eastern Bengal: which, in a normal year relies on jute for no less than 36 per cent. of its total goods earnings. During the prosperous period the average annual earnings were Rs. 156 lakhs. Since 1930-31 our earnings from this commodity have been Rs. 118 lakhs on an average. The fall in the earnings of the commodities I have mentioned more than account for what we anticipate will be our deficit this year.

17. India, in common with almost every country in the world, has during the past few years been endeavouring to safeguard her infant industries and to build up new industries by means of protective duties. Whatever may be the final results of this policy, the initial effect has been to reduce Railway earnings in the case of many of the protected commodities. To explain, many articles which are now manufactured in India had in the past to be distributed from the ports. This normally meant a long average lead with a large ton mileage. Nowadays with new industries springing up in various parts of the country, though Railways may carry the same tonnage, the average lead is less and the ton

mileage has decreased. Railway earnings are in direct proportion to the ton mileage carried. I do not say for one moment that this is a state of affairs which will continue indefinitely, for as the country becomes more prosperous and money more plentiful, the railways must get their share of the prosperity and the money available. I do not propose to attempt an estimate of the cost to Indian Railways of this position, but that it is considerable I have little doubt.

18. But far more serious than the causes, which I have already mentioned for the drop in Railway earnings, is the increase in motor competition. Through an increase in commodity prices we may hope to regain at least a portion of the traffic lost through this cause, and through an increase in India's industrial activities we may to some extent neutralize the effect of the protection policy on Railway earnings. But there would seem to be little chance of our being able to regain the traffic lost to the roads, unless rail and road transport are placed on a more equal footing. Railways have been constructed at an enormous cost: the capital at charge is, as Honourable Members are aware, close on Rs. 800 crores. Railways have to maintain their track and rolling stock to a high standard of efficiency: they have to pay interest on the capital invested: they have to put aside money for the depreciation of their assets: they are liable to pay compensation in the case of accidents: they are bound by fixed tariffs and have to run their trains to fixed schedules. For reasons of public safety the train staff on a railway must conform to a comparatively high standard of medical fitness. What are the obligations of the motor transport owner as compared with those of Railways? His roads are provided for him. I do not think that it can be said that normally he is expected to maintain his motor bus or lorry up to a very high standard of efficiency, except possibly in the case of a few well-organized companies, of which there are at present very few. Nor, so far as I am aware, is a bus driver generally called upon to pass a suitable medical test before he gets his license. Passengers have little chance of receiving compensation for damages, except again in the case of large well-organized companies. The average motor bus owner is not compelled to notify his tariffs or run to a fixed schedule. He often takes what he can get, and he runs his motor bus or lorry when it suits him.

19. During the period of scarcity sea and river competition has increased. The reason for this is, I think, not far to seek. Ocean-going and river steam-ship companies have been affected in exactly the same way as Railways by the general world depression. They have had to look for traffic to make up the gap in their earnings. Railways in an attempt to retain this traffic have had to reduce their rates, and as a consequence their earnings have fallen.

20. I have so far dealt with factors which have affected our earnings. Are there any factors which have affected our working expenses? As a country advances it is normal that the standard of living should improve. This means an increase in wages. The increase in wages granted during days of plenty have increased Railway working expenses by somewhere in the neighbourhood of Rs. $\frac{1}{2}$ crore per annum. Within the past few years the Hours of Employment Regulations have been introduced on most of our major railways. This has caused a recurring expenditure of somewhere in the neighbourhood of Rs. $\frac{1}{2}$ crore per annum. The factors I have

[Sir Guthrie Russell.]

mentioned have reduced our gross earnings by about Rs. 8 crores per annum and increased our working expenses by about Rs. 1 crore. Allowing for increased expenditure for working the increased traffic the effect on our net earnings I would put at between 6 and 7 crores.

21. We have undoubtedly been fortunate that there has been a very considerable fall in fuel costs during the past few years. This is, of course, largely due to the fall in traffic and to the Fuel Economy campaign which has been carried on on all Railways, but it is also due to the fall in price of this commodity.

22. Now as to the future. What are the chances of another period of prosperity and what are Railways doing to hasten the coming of this? I do not think it can be said that signs of a world recovery are at present very bright. With wars and rumours of wars in the air this is not to be expected. But I am optimistic enough to believe that a recovery in trade cannot be indefinitely postponed and that this may be nearer than we expect. When this comes I see no reason why we should not regain, if not all our lost ground, at least a large proportion of it. Then again, when the country has adjusted itself to the new conditions, and as new industries spring up, Railway earnings will also adjust themselves. This may be by an increase in the tonnage carried, which will neutralize the short lead on indigenous manufactures, or it may be that certain commodities may be able to bear higher rates and Railway earnings increased in this way. Put shortly, I believe there is a reasonable chance of our first two causes for the depressed state of Railway earnings being neutralized to a large extent.

23. Now I come to the possibility of neutralizing or combating what I have already said is the most serious of the causes which are affecting Railway earnings. If road competition is to continue on the same conditions as it is today, I can see no possibility of regaining the ground we have lost: in fact, I see every prospect of Railways losing further ground. No one wants to see motor buses or motor lorries driven off the road, or to put a stop to road construction. What Railways ask is that rail and road transport should operate under approximately similar conditions and that, so far as possible, they should be complementary to one another and not in uneconomic competition with each other. In the vast undeveloped areas of India there is still plenty of scope for development either by railways or roads. Where road transport will meet the needs of a particular undeveloped area, it is obvious that roads, not railways, should be built. But so far as can be seen, for many years to come Railways must form the backbone of the transport system of India. They must carry the heavy bulk traffic which, if the country is to prosper, must be carried at the lowest economic rates. If Railways are to pay their way and not to be a burden on the general taxpayer, they must get business—business not only in the lower-rated commodities, but business in the more valuable and highly-rated commodities. The greater the business they handle, the cheaper the rates they will be in a position to quote, and the more they will be able to assist in the development of the commerce and trade of India, which, after all, is the main function of any transport system. What is being done to stem the tide? The first real step was taken in 1933 at the Road-Rail Conference held in

Simla in May of that year. As a direct result of this, the Transport Advisory Council was formed, at which representatives from the Provinces meet representatives of the Government of India and the problem is frankly discussed. In many Provinces a Board of Communications has been set up on which Railways are represented and at which road schemes are discussed. It is too early to say what will be the result of these efforts to get a co-ordinated policy, but I trust Honourable Members will agree that a step in the right direction has been taken. Apart altogether from this, Railways are endeavouring by improved services to regain their lost traffic, but normally the basis of fares has to be pitched so low that there is little profit. I believe, however, that if motor transport were placed on a sound economic basis, and if a co-ordinated road construction policy were adopted, Railways could regain at least a considerable portion of their lost earnings and to that extent improve their financial position.

24. I have attempted to describe how Railway finances can be improved by a change in what we may call extraneous conditions. How can they be improved by action taken by the Railways themselves? As Honourable Members are aware, Railways have recently introduced revised scales of pay for new entrants to both the official and subordinate grades. These scales are expected to give a saving of about Rs. 8 crores per annum when they come into full operation. This saving can, of course, only be obtained by the efflux of time and will only have a very gradual effect on our working expenses. I have already shown how our staff were given a share of our profits in prosperous times, and I feel quite sure they will realise that in times of depression there is little scope for a further improvement in conditions. Railways are at present considering certain alterations in rates, which are expected to bring in about Rs. 1 crore of additional revenue. To the extent of Rs. 34 lakhs this is being obtained from an increase in terminal charges, which it has been found are, on certain Railways, lower than the terminal costs involved. A slight increase of $\frac{1}{4}$ pie per mile in third class fares on the Burma Railways, excluding the suburban areas, and on the North Western Railway for distances between 51 and 300 miles is expected to yield about Rs. 18 lakhs. The other improvements we hope for are due to a slight enhancement of rates on various Railways in respect of goods rates on certain commodities.

25. We shall shortly be seeking the co-operation of Honourable Members in our endeavours to stop the serious loss of revenue due to ticketless travel. The latest figures we have received from the principal Railways estimate the loss from such ticketless travel at about Rs. 50 lakhs per annum. Railways have been pressing for legislation to stop this evil for many years past. The Government of India, however, decided that before introducing legislation, every practical method of stopping the evil without legislation should be explored. I think we can claim that every practical method has been tried, but the extent of ticketless travel is believed to be to-day greater than ever before, and Government have come to the conclusion that there is no alternative but to take action by making the lot of the transgressor less easy and comfortable than it is at present. We propose to discuss this question with the Central Advisory Council for Railways this week and I trust we shall have both their support and the wholehearted co-operation of this House in enacting during the course of this Session legislation which will enable us to cope sufficiently with the evil.

[Sir Guthrie Russell.]

26. Now I come to the most difficult part of my task. I have said that I believe there are chances of Railway earnings, given certain conditions, improving in the reasonably near future. Is it possible to translate this belief into figures? For 1936-37, Honourable Members will have noticed that we have not allowed for any large increase of traffic and except that increases in earnings will be obtained mainly through increased rates and, we hope, the stoppage or partial stoppage of ticketless travel. I think, however, that it would not be too optimistic to say that there is every chance of our earnings within the next five years being in a position to meet all our charges, namely, working expenses, interest charges and full allocation to the Depreciation Fund, though I must confess there appears to be little hope within this period of our resuming our contribution to general revenues. Beyond this period I do not think it is safe to make any forecast, as no one can say definitely what the future holds for us. Honourable Members know that our anticipations of increased traffic for the current year have not been fulfilled, though at the time when we framed our Budget, earnings undoubtedly appeared to be on the upward grade. It is quite possible that for next year we have been too conservative in our estimates, and that when the Budget for 1937-38 is presented we shall have to confess to the House that again our estimates have been falsified, but let us hope it will be in the reverse direction.

The picture I have presented may not appear to be very pleasing, but if Honourable Members will compare the net return on capital of Indian Railways with that of Railways in other parts of the world I think they will find that Indian Railways do not show up too badly. Again, the index of efficient working is the operating ratio. Here again, very few Railways throughout the world can claim to have as low an operating ratio as Indian Railways.

27. I must say a few words in regard to our works programme next year.

As is only to be expected our capital and depreciation fund outlay is to be a modest one. Last year we provided Rs. 15½ crores and originally this year we fixed the figures at Rs. 12 crores, but as we hoped for a further reduction of Rs. 58 crore in our Stores Balances and we considered that, judging by past experience, it was improbable that the whole of the balance left would be expended, we finally placed our figure at Rs. 10.25 crores. Of this amount Rs. 7 crores will be drawn from the depreciation fund and Rs. 3.25 crores will be additional capital. No actual new projects will be undertaken, but there will be Rs. 24 crore devoted to the continuation of new works already under construction, including the Megna Bridge in Bengal which, when completed, will provide an important link in the metre gauge railways serving north-eastern Bengal and Assam. 22 lakhs are to be provided for this work. We have still to spend money to restore the damage occasioned by the earthquake in Bihar early in 1934, and we have still to continue the protective works to secure the Hardinge Bridge. It is estimated that Rs. 19 lakhs will be devoted to this, of which Rs. 15 lakhs are to be found from the annual instalment from revenue earmarked for the purpose. An instalment of Rs. 12 lakhs is being allotted for the reconstruction work at Quetta. The total amount, which will be required for this, is estimated at about Rs. 52 crore. We are

devoting Rs. 5 crores to track renewals and Rs. 67 crore to Bridge renewals, and Rs. 2.44 crores to other structural works. Rolling stock is estimated to cost Rs. 8.18 crores, of which locomotives and boilers account for 78, coaching stock 1.79 and wagons 61. The total number of wagons ordered amounts to 1,200, of which 750 are broad gauge general service wagons to be added to the general pool. All these wagons are replacements of wagons scrapped or to be scrapped. Practically none are additions; for, owing to the unexpected fall in traffic, we have been compelled to review our wagon renewal programme and we have had to curtail our purchases drastically.

28. In conclusion, Sir, I must once more bring to the notice of the Council the loyal and valuable service rendered to Indian Railways by Agents, officers and staff of the various railway administrations that go to make up our great railway system. I am afraid at times of depression such as we are now passing through, when criticism, often more clamant than just, is only too common, it is not generally realised that the burden of railwaymen, never very light, is heavier than ever. When things are prosperous on the railways; when, so to speak, the busy season is on, it is fairly well known that railwaymen are called upon to put forth strenuous efforts to meet public demands: what is perhaps not so well appreciated and what I wish to stress with all the emphasis at my command, is that any reduction of traffic, so far from decreasing the railwaymen's work, increases it, and calls also for high character and courage. It is perhaps easy to do well when things are going prosperously. It is, however, much harder to work strenuously during times of depression when everything is apt to discourage, and when one's work consists chiefly of the negative, uninspiring process of trying to curtail expenditure. During the last six years our railwaymen have never taken a rest from their activities in the pursuit of economy; the pressure upon them has been constant and relentless. I think what I have already said shows clearly that we must not hope for any immediate spectacular increase in our earnings, as this is a matter generally beyond the control of railways; but I feel on the other hand that the decrease that we have effected in our working expenses, which has amounted to as much as Rs. 6 crores at one period, a reduction of well over 10 per cent., is an achievement on which our railway administrations may feel justly proud and it is on these grounds that I should like, before resuming my seat, to appeal to the Council for some measure of gratitude to our railway staff.

STANDING COMMITTEE FOR THE DEPARTMENT OF EDUCATION,
HEALTH AND LANDS.

THE HONOURABLE KUNWAR SIB JAGDISH PRASAD (Education,
Health and Lands Member): Sir, I move:

"That this Council do proceed to elect, in such manner as the Honourable the President may direct, two non-official Members to serve on 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."

The Motion was adopted.

THE HONOURABLE THE PRESIDENT: With reference to the Motion which has just been adopted by the Council, I have to announce that nominations for the two non-official Members to be elected to serve on 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, will be received by the Secretary up to eleven o'clock on Thursday, the 20th February, 1936, and the date for election, if necessary, will be announced later.

The Council then adjourned till Eleven of the Clock on Thursday, the 20th February, 1936.