

24th February 1937

# THE LEGISLATIVE ASSEMBLY DEBATES

(Official Report)

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Volume II, 1937

*(23rd February to 13th March, 1937)*

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## FIFTH SESSION OF THE FIFTH LEGISLATIVE ASSEMBLY 1937



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1937

# Legislative Assembly.

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MR. M. GHIASUDDIN, M.L.A.

MR. MATHURADAS VISSANJI, M.L.A.

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# LEGISLATIVE ASSEMBLY.

*Wednesday, 24th February, 1937.*

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. President (The Honourable Sir Abdur Rahim) in the Chair.

## MEMBER SWORN:

Mr. Robert Francis Mudie, C.I.E., O.B.E., M.L.A. (Government of India: Nominated Official).

## SHORT NOTICE QUESTION AND ANSWER.

### ASIATIC BILLS IN THE SOUTH AFRICAN LEGISLATURE.

**Mr. M. Asaf Ali:** (a) Will Government be pleased to give such information about the Asiatic Bills now pending in the South African Legislature as they have in their possession?

(b) What steps have Government taken to safeguard the political and social status and rights of Indians resident in South Africa against the prejudicial effect of such provisions of the Bills as seek to restrict the freedom of Indians to marry or employ South African Europeans?

(c) Is it not a fact that Government have placed no legal restrictions upon the employment of South African Europeans in India, and an eminent Railway official from South Africa is included in the Wedgwood Committee?

(d) How many South African Europeans are employed by Indians in South Africa?

**Sir Girja Shankar Bajpai:** (a) and (b). The Honourable Member probably has in mind three private Bills affecting the position of Indians in the Union of South Africa which are now before the Union Parliament. The first of these seeks to prohibit marriages between Europeans and Asiatics or natives. It was introduced on the 12th January and discussed on the 22nd January, when a motion for adjournment was carried. As the Honourable Member will have seen in this morning's papers, another attempt on Monday to have it referred to Select Committee failed. The second Bill seeks to empower Provincial Councils to prohibit the employment of Europeans by non-Europeans in the Union, and the third to prohibit the acquisition of fixed property in the Transvaal by any European, Coloured or Cape Malay women married to Asiatics and by children of such marriages. These two Bills were discussed on the 16th February, and, again, on Monday. Second reading, which would have involved acceptance of the principles of the two measures, was not proceeded with and they have been referred to a Select Committee of the Union Assembly for investigation of their contents and form and for report by 30th March. It was made clear in the course of the discussion that this reference does

not involve acceptance of the principles of the two Bills. This will enable the Indian case to be adequately presented, a task in which the Agent General will give the fullest assistance. The Government of India are in close and constant touch with the situation and the House may rest assured that they will do everything possible that developments may require for the protection of Indian interests.

(c) Yes.

(d) Government have no information.

**Mr. S. Satyamurti:** Have Government got copies of these Bills, Sir?

**Sir Girja Shankar Bajpai:** Only of the first Bill, the one relating to marriages; the others are expected some time by the end of this week.

**Mr. S. Satyamurti:** As soon as they are received, will Government place copies of these Bills on the table?

**Sir Girja Shankar Bajpai:** As soon as they are received, I shall place them in the Library of the House.

**Mr. M. Asaf Ali:** Will it be possible for the Government to obtain the information asked for in (d)?

**Sir Girja Shankar Bajpai:** I submit, Sir, that that is a point which is sure to be investigated by the Select Committee of the Parliament of the Union.

**Mr. S. Satyamurti:** Which is the Bill, Sir, which has not been referred to a Select Committee?

**Sir Girja Shankar Bajpai:** The Bill which seeks to prohibit marriages between Indians and Europeans.

**Mr. S. Satyamurti:** May I know if, at any stage up to this present moment, the Government of India have made any official or other representations to the Government of South Africa, as regards the attitude of the Government and the people of this country, in respect of these obnoxious Bills?

**Sir Girja Shankar Bajpai:** The Government of India have, through their Agent General and also directly, placed the Union Government in full possession of what they consider to be the attitude of the people of this country towards these Bills.

**Mr. S. Satyamurti:** What is the exact constitutional stage in the South African Parliament, at which this Marriage Bill stands?

**Sir Girja Shankar Bajpai:** It has been shelved indefinitely.

**Mr. S. Satyamurti:** Does it mean that it cannot be revived, before the present South African Parliament?

**Sir Girja Shankar Bajpai:** I would not say that, but it is hardly likely that it will be revived, because the sponsors made an effort to get it referred to a Select Committee and were defeated by something like 80 votes to 6 votes.

**Mr. S. Satyamurti:** Will Government consider the desirability of consulting this House, and giving expression to the strong opinion of this country, against such measures in order to see that they are not proceeded with further?

**Sir Girja Shankar Bajpai:** I think my Honourable friend will appreciate that the first thing to do is to await the presentation of the Indian case before the Select Committee. Only then shall we know what the facts of the case are, and, then, if a further statement has to be made, it will be done.

**Mr. S. Satyamurti:** What is the Indian case, apart from this, that the very idea of prohibiting such marriages is obnoxious, and that they must say that we won't allow this or we will retaliate?

**Sir Girja Shankar Bajpai:** I confess at this stage it is impossible for me to make any addition to the statement I have already made. Government have no information that there are any circumstances to justify legislation of the character which these two individuals have put forward. That will be the Indian case. It will be for the other side to show whether there are any circumstances which justify any kind of restriction.

**Mr. S. Satyamurti:** Have the Government of South Africa been in touch with this Government, as to what this Government's view is with regard to these private Bills?

**Sir Girja Shankar Bajpai:** I have already informed my Honourable friend that both the Government of India and the Agent General in South Africa have made representations to the Union Government in regard to the Indian point of view.

**Mr. S. Satyamurti:** I am asking whether this Government has got any information or will try to obtain some information as regards the attitude of the Government of South Africa towards these private Bills.

**Sir Girja Shankar Bajpai:** The attitude of the Government of South Africa, as declared by the Prime Minister, is that they cannot accept the principle of the Bills as they stand.

**Mr. S. Satyamurti:** With regard to all these Bills?

**Sir Girja Shankar Bajpai:** With regard to the two Bills the reference of which to a Select Committee before the second reading was considered; as regards the third Bill, the Union Government have, so far as I know, declared that they do not think that such legislation is necessary.

**Sir Cowasji Jehangir:** Has the Honourable Member seen what is reported in the papers this morning?

**Sir Girja Shankar Bajpai:** The information which I have supplied to the House is based upon developments up to last night.

**Mr. S. Satyamurti:** Have Government got any direct telegram from South Africa?

**Sir Girja Shankar Bajpai:** I can assure my Honourable friend that I would not have made my reply merely on the strength of the press report.

## THE RAILWAY BUDGET—LIST OF DEMANDS—*contd.*

### DEMAND No. 1—RAILWAY BOARD—*contd.*

**Mr. President** (The Honourable Sir Abdur Rahim): The Chair understands an agreement has been arrived at between the different Parties that the Congress Party will today move certain cut motions and also some other cut motions tomorrow morning. The Chair understands the first cut motion stands in the name of Mr. Satya Narain Sinha, No. 111. There appears to be a difficulty as regards this motion. This is a motion for the refusal of supplies, *viz.*:

"That the demand under the head 'Railway Board' be reduced to Re. 1."

which means the refusal of supplies. But the object of the Honourable Member is to ventilate a particular grievance, *viz.*, the exclusion of Indians from the Wedgwood Committee. It is the established practice that this cannot be done on a motion for the refusal of supplies. This has been clearly pointed out more than once, and, as a matter of fact, the circular sent out by the Assembly Office before the first meeting of this Assembly pointed this out too. Honourable Members will find from that circular that a motion to reduce the amount of a demand to a nominal figure of one rupee or less amounts to a motion for refusal of supplies:

"Such motions are intended to refuse supplies because the whole policy underlying a demand is disapproved by a Member."

This is really the language of the ruling of Sir Ibrahim Rahimtoola which Honourable Members will find at pages 83 to 85 of the Collection of Decisions from the Chair, Part II. He says:

"There are two ways of dealing with refusal of supplies with regard to each demand. One is to oppose the whole grant and reject it; the other is to move a motion of reducing the demand to a nominal figure. Motions for practical elimination of the whole grant cannot be moved for the purpose of drawing attention to any specific grievance."

Then, he goes on to say on page 84:

"All motions for practical elimination of the whole demand will be entertained on the only ground that the Honourable Member wishes to refuse supplies, because he does not approve of the whole policy underlying that demand. In no other case such cut motions will be allowed."

On page 85, we find:

"Consequently, two motions, which reduced the whole grant to one pie, were disallowed as the Movers wished to ventilate particular grievances and not to refuse supplies."

This has been the practice throughout. Therefore, the Chair is obliged to rule that this motion is out of order.

**Mr. M. Asaf Ali** (Delhi: General): There seems to be a little mistake there. The Honourable Member really meant that the amount be reduced by rupee one, and not to rupee one.



**Mr. President** (The Honourable Sir Abdur Rahim): If so, I do not know how the mistake has crept in.

**Mr. M. Asaf Ali**: The Honourable Member admits his mistake.

**Mr. President** (The Honourable Sir Abdur Rahim): There are other mistakes of the same nature. There is a similar motion in the name of the Honourable Member (Mr. M. Asaf Ali) himself.

**Mr. M. Asaf Ali**: There, again, the mistake is just the same.

**Mr. President** (The Honourable Sir Abdur Rahim): The Chair thinks the best course would be to send in a properly worded motion which can be discussed tomorrow morning, and we can go on with the other motions today. Perhaps the Honourable Member was not aware of the practice, and that is how the mistake has been made.

**Mr. S. Satyamurti** (Madras City: Non-Muhammadan Urban): We are in your hands, Sir, but I submit that it may perhaps suit the Honourable Member, if he does not complain of want of notice, that we should proceed with this motion this morning. Of course, a technical mistake has been made, but if no inconvenience is caused to the Honourable the Commerce Member, the Chair may consider the possibility of allowing us to move the cut motion, the wording being that the amount be reduced *by* rupee one, or whichever the proper form may be.

**Mr. President** (The Honourable Sir Abdur Rahim): But there are other Honourable Members also who are concerned. If the whole House agrees to this change being made, the Chair will not object.

(No objection was taken.)

In that case, the Chair may treat it as an oversight and the motion should be that the demand be reduced *by* rupee one.

Now, the question before the House is:

"That a reduced sum not exceeding Rs. 8,54,999 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1938, in respect of the 'Railway Board'."

*Exclusion of Indians from the Wedgwood Committee.*

**Mr. Satya Narayan Sinha** (Darbhanga *cum* Saran: Non-Muhammadan): Sir, I rise to move the cut motion which stands in my name:

"That the demand under the head 'Railway Board' be reduced by Re. 1"

for excluding Indians from the Wedgwood Committee. You are fully aware, Sir, of the feelings of resentment in this country irrespective of the political views, against this deliberate insult which the Government have sought to hurl upon the self-respect of this country. This matter was discussed in this House a few days ago, and most of those who vehemently criticised the action of the Government are those in whose opinion this Government is almost infallible. I say, Sir, this only shows that the extent of feeling over this matter has been so great that even those who, in season and out of season, support the Government had also to condemn it for this action.

[Mr. Satya Narayan Sinha.]

Mr. President, the memory of this Government is very short, otherwise how could they have forgotten the lesson of the Simon Commission so soon? You know, in the same deliberate manner, Lord Birkenhead, the then Secretary of State for India, flouted the unanimous public opinion of this country by excluding Indians from that Commission, and what happened? The whole country practically united on that issue, and everywhere the Commission went, it was greeted with black flags and thousands and thousands of people mustered strong and shouted them to go back. But impervious and shameless as this Government are they never change their ways. But I know, Sir, the day of reckoning is coming fast, and this Government will also have to reap the consequences of their acts of omission and commission as other despotic Governments have in other countries, including the Czar of Russia.

In the course of the last two years or more, what do we find? Commissions after commissions are sent to this country from England manned by so-called experts. The Otto Niemeyer Committee, which was appointed to investigate and make financial adjustments, also consisted of whites. The personnel of the Income-tax Committee was also all white, and, to crown all this, the Wedgwood Committee is also of pure whites. Sir, we have been always crying hoarse inside and outside this House that the railways are managed and run in the interests of the Britishers in all respects. In Japan and other countries, where the railways were started, say 20 or 30 years later, they have become self-supporting, but, in this unfortunate country, it has just been otherwise. Sir, the Wedgwood Committee came to explore the ways and means to overhaul the system of the railway management in this country, but its personnel are those against whom we have our grievances. What justice can be expected from a Judge who is himself a Judge and prosecutor both. Besides this, the total exclusion of Indians from the Committee unmistakably proved that, in the august opinion of this Government, there is not a single Indian capable to work on the Committee. You know, Mr. President, there are so many industrial magnates, expert accountants, engineers and engineering firms of very high repute in this country who can very well compete with the best of their class in any country including Great Britain. Sir, who is running the Railway Administration of the Government in this country? Certainly not the few Europeans here and there. It is, after all, the Indian brains that are carrying on the administration. What do we find in this House? Even when Government have to requisition the services of an expert, during the discussion of the railway budget and the like, invariably we find Indian experts being requisitioned. Are they in any way inferior to their British colleagues in any matter? I believe the answer is an emphatic no. Not only the Railway Department, but almost all the Departments of the Government of India and the Departments of the Provincial Governments are really managed by the Indians and the few Britishers, who are here or are imported from far off seas, only do the bossing. Sir, let us, for the sake of argument, suppose that there is no Indian in the opinion of the Government who is capable for serving on the Committee. Can there be anything more condemnable for this Government that, even after their rule of 160 years or more, they have not been able to produce a single expert who could serve on a Committee like this? What reply have Government to make to this charge, I would like to know. Sir, I make no apology to repeat that the action of the Government has been a gross insult to our nation, and we should not take it

lying down. I would, therefore, appeal to all the Honourable Members of this House, particularly Indians, whether they are sitting on this side or that, to support my motion, and I hope and trust those, who have any grain of self-respect in them, will certainly give unstinted support to this motion.

**Mr. President** (The Honourable Sir Abdur Bahim): Cut motion moved.

"That the demand under the head 'Railway Board' be reduced by Re. 1."

**Sir Abdul Halim Ghuznavi** (Dacca *cum* Mymensingh: Muhammadan Rural): Sir, this Committee was to investigate the rail-road competition and to find out how to meet the deficit of railways arising therefrom. The Committee was composed to look into the finances of the railways and to find out the ways and means as to how to estimate or balance the railway budget. One of the points on which their investigation was to take place was the competition between rail and road. We have been told by the Honourable Member for Railways that the recommendation emanated from the Public Accounts Committee, and that the Government had done exactly what the Public Accounts Committee had asked them to do, namely, to appoint an expert Committee. The Honourable Member also read out to the House extracts from the report of the Public Accounts Committee, and he pointed out that the Government carried out exactly what the Committee wanted. But, Sir, what we feel is this. The Public Accounts Committee had said an expert Committee is to investigate.

**Sir Cowasji Jehangir** (Bombay City: Non-Muhammadan Urban): They said one man.

**Sir Abdul Halim Ghuznavi**: One man; very well, that is still more helpful to me. Instead of one man, why did Government appoint three men, and, what is more, they were all railway experts, no road expert being taken on that Committee. One of the grievances of Honourable Members here is that Government did not include in that Committee any Indian. I go further and say that the Committee consisted only of railway experts and there was not a single road expert who could advise them. They may be well known experts on railway matters, but the grievances of Honourable Members on this side of the House are very legitimate. Those railway experts had no experience of this country. Therefore, some Indian expert should have been associated with them on the Committee, so that the Indian expert could have given them the benefit of his experience in this country. They should also have had a road expert associated with them, an Indian expert who could give them advice on road problems in this country. So far as we are concerned, we think that it was not fair for the Government to have appointed a Committee on which there was no Indian adviser and not one of those experts could be called road experts. My Honourable friend, Sir Muhammad Yakub, the other day said what was the use of this expert Committee when the budget had been balanced. That is no argument. It was purely a windfall this year that Government were able to balance their railway budget. It may not be so next year. Therefore, the Committee was necessary, but that Committee ought to have consisted of a road expert also and an Indian expert should have been associated with them, and, in that case, it would have been a Committee to which no exception could have been taken. Sir, I support the cut motion.

**Mr. Muhammad Azhar Ali** (Lucknow and Fyzabad Divisions: Muhammadan Rural): Sir, I am sure, the whole House, even our friends of the European Group will agree with us on this cut motion if they have to go along the same road in the next constitution. We hope and trust that today they will show to the House and to the whole of India that on questions which are very important in the interest of India and in the interest of the public, they are one with us. It is a question of Indian interest, it is a question of general interest, it is very important for every Indian, and even for every European who inhabits this land or who is settled down here to earn his livelihood. Now, the Europeans should identify themselves with Indian interests. This is an insult which has been hurled against Indians to show to the world that there is not a single Indian who could be associated with this Committee, a Committee to which all our railway interests have been entrusted and the results of which will be worked upon in the future by the Government of India. The worst part of this episode is that even a South Afrikaner has been associated. What can be a greater shame to us, Indians, that there is not a single Indian expert, an engineer or any other kind of expert who could be appointed to that Committee, while even a South Afrikaner has been considered fit to be on the Committee. If the Government of India do not really realise the depth of feeling on this point, I am sure, they have no business to remain in India today. I have no complaint against a South Afrikaner or against any one, but what I say is that we, Indians, really feel sore on this point. How long are we to be insulted in this way? We know very well that when these experts come to India, they acquire first hand knowledge about the conditions in India, they come to know the real conditions of India and they go away and make money elsewhere. Why not an Indian be given this opportunity to study the conditions? One is at a loss to understand why the Government of India could not at present find a single Indian fit to be on the Committee. My friends may have other grievances against this Committee, but my grievance is chiefly on the ground that a South Afrikaner could be found eligible to be appointed on the Committee, not a single Indian was considered fit for the task. Sir, I support the cut motion.

**Mr. B. Das** (Orissa Division: Non-Muhammadan): Sir, I do not see in the House the Honourable Sir James Grigg. I think it was he who played a practical joke in our absence from Delhi by including a South Afrikaner and thus heaped insult on Indians. Sir, when the Third Round Table Conference was nearing its deliberations at its last stages, the Britishers in London wanted to thrust the South Afrikanders on us and they wanted to concede to the South Afrikanders the same rights and privileges in India as would be enjoyed by Englishmen. You might recollect, Sir, there was a motion for adjournment tabled by me on the floor of this House, and it took two months for the Government of India to persuade the India Office to realise our view point. There was then Sir Fazl-i-Husain, who, I am sorry to say, is no longer in this world to support us in our big denunciation of the South Afrikaner. Sir Fazl-i-Hussain then said that there was no difference between the Government of India and the Nationalists in India in the matter of the condemnation of the South Afrikanders. I am sure, my Honourable friend, Sir Muhammad Zafrullah Khan, did not conceive this original plan of bringing a South Afrikaner to this Railway Enquiry Committee. It must

have been the mischief of Sir James Grigg who wanted to play a practical joke on us as he has been playing so often. The name of the Public Accounts Committee has been brought out in connection with the appointment of this Enquiry Committee. It is true, this inspiration was on our side, but the suggestion of having one man in the enquiry originally came from Sir George Schuster in 1934 while the Public Accounts Committee sat. It was he who first broached the idea of bringing out Sir Josiah Stamp to India. After that, he left India, and there came my young friend, Sir James Grigg, as the Finance Member. He talked in the year 1935 in the Public Accounts Committee—of course it was all private and informal talk—that he might bring Sir Josiah Stamp or Sir Guy Granet. I did not know the antecedents of the latter gentleman, but I was told that he was as great an expert as Sir Josiah Stamp. Then came last year's Public Accounts Committee. We tried to overhaul railway finance which my Honourable friends of the European Group are trying to overhaul on the floor of this House this year. We did impress on the Committee that certain drastic diagnosis is necessary, a Cæsarian operation is necessary of the Railway Board, and not nibbling at retrenchment or economy. Subject to confirmation by my Honourable friend, Mr. Satyamurti, I may say that the understanding that we arrived at in the Public Accounts Committee was that it should be a one-man inquiry who will be something like a Hitler or a Mussolini and who will not be influenced by a Sir James Grigg or a Sir Guthrie Russell and who will apply his fingers straight and give us a true remedy as to how to improve the railway finances within one year by three crores of rupees, so that the railways might pay five crores to the general finance. Sir, to our misfortune, that one-man inquiry became an inquiry committee. Sir Ralph Wedgwood was brought in; I have since then read his antecedents. I had the misfortune not to know anything about his fame or notoriety in England. As an engineer, I have heard the name of Sir Josiah Stamp, but did not know much about Sir Ralph Wedgwood. Of course, every railway must have an Agent; we have got so many Agents in India and he must be one like that. Anyway, he came. But either he was incompetent to do his duty or somehow he felt unable to burden the sole responsibility; so he wanted some more colleagues. And that practical joke and great insult to India was perpetrated and a South African was imported. I believe that South Afrikaner dined with Indians in Delhi and Simla. I would have been ashamed to meet him or shake hands with him when South Africa was insulting Indians every day and at every stage and even prohibiting mixed marriages, and restricting rights of Indians by legislation. Of course, I am not discussing Indo-South African politics here. But let me tell my Honourable friend, Sir Muhammad Zafrullah Khan, for whom I have the greatest respect and whom I always treat as a friend outside the House, though not inside, that he and I are one in our hatred and denunciation of South Africa. It is, therefore, very unfortunate that he should have been a party to this additional insult to India by allowing a South African to come and lord over us and put his signature to the report of a Committee.

That expert report, the Public Accounts Committee suggested, would have to be published soon. But when we, who have been fighting the battle of the Indian nation, come here, the Committee quietly sneaks

[Mr. B. Das.]

off and sails from Ballard Pier for England. We wanted to discuss the report; there is an assurance that the report will be discussed on the floor of this House; but I do not think it can be discussed before we adjourn in April next. That report will have no influence on the railway finances in the budget of 1937-38. Last year, my Honourable friend, Sir Leslie Hudson, suggested to the Government of India that capital should be written down as overcapitalisation has resulted in Indian railways and the Government of India, who always obey the European Chamber of Commerce and the Board of Trade in England, humbly bowed. And there is a Resolution that 62 crores should be wiped off on the ground of efficiency and on the ground of reducing capital. Then, my Honourable friend also suggested that an accountant will come who will no doubt suggest writing off, by costing accounting process, another 20 crores. And, I may be an oracle, I will say that Sir Ralph Wedgwood and that South African—who can never be a friend of India and will do everything to insult and humiliate India—will suggest a writing off of another 100 crores and add it to the non-productive debt. The Finance Member has got 200 crores of non-productive debt in the debt table which he will submit to us on the 27th. Why not add another 100 crores of non-productive debt? Better absolve the railways, because the bureaucrats will now be the Statutory Railway Authority, and if they have lesser capital, they can go from extravagance to extravagance and order beautiful locomotives and saloons for the railway officials and Members of the Railway Board, and latest railway equipments from English manufacturers. And, now, my Honourable friend, Sir Raghavendra Rau, is going to be succeeded by a new financial expert who is going to apply his British genius to the finances of the railways. I have not met that gentleman intimately, but I believe he will again start the idea of Sir Alan Parsons and go from extravagance to extravagance. Therefore, one of my apprehensions is that the Wedgwood Committee will recommend the reduction of capital by 200 crores. Sir, this is a sorry spectacle. I congratulate those Honourable Members of this House, and particularly my Honourable friend, Sir Muhammad Yakub, who functioned as the spokesman of the Opposition, and having given out their mind. And today with renewed energy and a short period of rest, after our great electioneering campaign in the country, we have come here to register the protest of the country against being insulted by Government in having this inquiry Committee and not having an Indian even on it. Of course they smuggled in my Honourable friend, Sir Raghavendra Rau, by the back door. I know Sir Raghavendra Rau gave the best of his expert knowledge and advice, but the kudos will go to the South Afrikaner and to this Sir Ralph Wedgwood, and the inevitable will happen. The Indian taxpayer will be burdened with more debts and the future Statutory Railway Authority will have a free run of the railway show and will go on committing extravagance; and this House will only have the right to look after the capital expenditure and to meet the losses of the future Railway Board, but it cannot question the why and wherefore of that expenditure. It is a shameful thing, and I, therefore, condemn the Government for having excluded an Indian from this so-called expert committee.

**Lieut.-Colonel Sir Henry Gidney** (Nominated Non-Official): Sir, speaking for myself, I rise to support this motion (Opposition cries of "hear, hear"), and I rise to support it from a nationalistic point of view. Our memories must be very short if we have forgotten the terrible effect it had on India when Indians were excluded from the Simon Commission. I should have thought that, with the experience of that Commission when it visited this country in connection with its great work and which would have been greater had Indians been included in it, and which was the foundation stone of the further work that followed at the Round Table Conferences and the Joint Parliamentary Committee, the Government of India would have learnt from that lesson and would not have repeated their folly by excluding even one Indian from such an important inquiry as the Wedgwood Committee, call it the Teakwood or any other Wood Committee. But let us not cry over spilt milk or break any more wood. Let us not spill any more milk, nor be any longer the hewers of any Wood. I hope this discussion, if it has no other benefit, will, at least impress on the Government that they should not repeat the folly of the Simon Commission and the Wedgwood Committee. The Railway Board and the Honourable Member, I shall not call him Sir Zafrullah Khan but a more appropriate name, as far as my community is concerned, Sir Suffer-all-I-can, know what my opinion of them is—I shall not repeat it; but I would short-cut it in a few words: scrap the Railway Board and hand all State Railways over to Company management who, at least, did run their railways cheaper and gave dividends to their shareholders. The Railway Board has wrecked the State Railways.

(Interruption by Mr. N. M. Joshi.)

That is my opinion, not yours. Do that rather than let us have a continuance of the present Railway Board who have proved their own inefficiency and who today stand condemned in that they needed an expert committee from abroad to visit India and teach them how to administer our Railways. For years and years this Board has been functioning, it has failed. To need an Expert Committee now shows that it is a cracked board, cracked either at the top or at the bottom; and to mend which they needed experts from abroad who are wholly unfamiliar with the needs of India, wholly unfamiliar with the administration of a country like India, and who think they can apply English experience to Indian railways. The ugliest part of it is the inclusion in this Committee of a member from a country, South Africa, which has in the past passed legislation and is about to pass fresh legislation to the prejudice and indignity of India which no other part of the Empire would have done. The Honourable Member's predecessor, Sir Joseph Bore, from that very seat, or rather the Leader's seat, when explaining the railway deficit, condemned the South African Railways. He then made an unfavourable comparison with them when he was trying to explain the railway deficit: he said words to this effect: "Indian Railways are on a very much better financial footing: compare them with the South African Railways: compare them with the Canadian Railways: they are not as affluent as ours". And, now, from that very country, we indented and accepted one of the members of the Committee. I quite agree with what has been said from the Opposition Benches. It is a downright insult to India to have excluded Indians from that Committee: it is an absolute and an open insult to India, and, I think, we would show an utter absence of a sense of responsibility if we did not object to it. I

[Lieut.-Colonel Sir Henry Gidney.]

have no doubt that the Railway Board and India will benefit from the reports, because, if rumour is true, this Committee has gone very carefully and impartially into the details of railway administration, which the Railway Board has never had the courage themselves to do and who prefer to allow people from other countries to sit in judgment on their own shortcomings and misdeeds. I wholeheartedly support this motion, and I do hope that, if it does nothing else, it will at least be a lesson to the Government of India not to err again in this manner.

**Sir Muhammad Yamin Khan** (Agra Division: Muhammadan Rural): Sir, we have got a very simple issue before us, and it is this: whether when a committee or commission is to be appointed, Indians should be excluded from them or not. This has been stressed ever since the Simon Commission was appointed, and I agree with Sir Henry Gidney that the Government ought to have taken notice of this and of the agitation that was created in this country on account of the exclusion of Indians from that Commission, and they should have been wise on the present occasion when they appointed a Committee of this nature. We do not want to be guided by any feelings of hatred, but we want to assert our own rights. Here there is no question whether South Africa is hostile to us or not: we are not to be guided by any feelings of that nature. But we have to see whether Indians are treated in our own country properly or not; and, in this respect, whether the Committee is composed of English or Scotch people, it does not matter. As long as we are excluded from the Committee, that is the issue. I do not know how the Honourable Member can stand up on the floor of this House and justify the position of the Government in any manner and what the reasons are for excluding Indians from a Committee which had to investigate matters concerning India. My Honourable friend may say that India has not got experts whom he could appoint. But may I know, when the Honourable Member himself was recruited to conduct this big affair of Railways and Commerce, whether he had any experience of these before he was appointed? None. But he has conducted himself so well and he has shown to this House and to the country how Indians are capable of carrying on whatever business is entrusted to them. It is not a monopoly of one service or one nation that they alone can fill the highest positions under the Government of India with credit; but people recruited from public life have shone equally well and probably better than people from other countries. The Honourable the Leader of the House is another. If these two gentlemen coming from the public life can justify their position in the Government, why should they not think that other Indians can equally well justify themselves if they had been appointed to any committee?

**An Honourable Member:** But it is not they who had to decide.

**Sir Muhammad Yamin Khan:** Whoever had to decide, I do not know: it was the Government of India, and we are concerned with the Government of India as it is. Whatever its nature, or whoever has been responsible, it does not matter to us, but we have to impress on the Indian Members, who are in the Executive Council of the Governor General, the fact that it is their duty to see that the interests of Indians are not ignored whenever such issues come before them. We have to look to our



own Indian Members who are in the Executive Council to safeguard the interests of India. . . . .

**Mr. Ram Narayan Singh** (Chota Nagpur Division: Non-Muhammadian): You are wrong there. (Laughter.)

**Sir Muhammad Yamin Khan:** No, I am right, because I know for certain that in the Executive Council many Indian Members have risen to the occasion and defended the cause of the country. . . . .

**Mr. S. Satyamurti:** How do you know it?

**Sir Muhammad Yamin Khan:** That is a question which my friend can answer himself judged by circumstances and by facts.

**Mr. S. Satyamurti:** Wedgwood Committee, is it not?

**Sir Muhammad Yamin Khan:** So I am now asking them why they did not rise to the occasion and press for the appointment of an Indian on the Committee. They ought to have known that there would be a great agitation in the country on this issue. Therefore, I think, Sir, the vote of the House should be only on this issue, that Indians should not be excluded in future from any committee or commission, whenever one is appointed by the Government, and I would ask every Honourable Member of this House to support this motion.

**Mr. Bhulabhai J. Desai** (Bombay Northern Division: Non-Muhammadian Rural): Mr. President, the terms of reference to this Committee deserve the attention of the House in order to appreciate the further grounds on which I venture to support the motion which has been moved by my friend, Mr. Satya Narayan Sinha. The terms are these:

"to examine the position of the Indian State-owned railways and to suggest such measures as may",—

then comes in Sir James Grigg's touch:

"otherwise than at the expense of the general budget",—

then come the two items:

"to secure an improvement in the net earnings due regard being had to the question of establishing such effective co-ordination between road and rail transport as will safeguard public investment in railways while providing adequate services by both means of transport; and (ii) at a reasonably early date place railway finance on a sound and remunerative basis."

Sir, a great deal of emphasis has been laid on the ground that a fit Indian was not found to serve on this Committee. I need hardly point out, Sir, that I am one of those who believe earnestly that this state of inferiority complex does not need to be argued. I am thoroughly convinced without distributing any meeds of praise to my friends who are Indians on the other side that individually, whether as a matter of equipment or intellect, the Indian mind is capable and has potentialities which have only been suppressed and wasted as a result of foreign rule. (Hear, hear.) It is not because we are wanting in capacity or intellect, but it is because we are not wanted, and it is a point of view which my friends may always

[Mr. Bhulabhai J. Desai.]

remember whenever an issue of this kind comes up before the House. The argument is a vicious circle. You don't have the experience, because you are not allowed to serve; you are not allowed to serve, and, therefore, you don't have the experience, a kind of circle in which the Bureaucratic Government has moved for a period of over a century, always satisfying themselves that they must look to other lands for men, if not women, in order that they might be able to rehabilitate the condition of India. Sir, if it did not involve this larger principle, I should not have thought it necessary to occupy the time of the House, but there is something much more than mere personnel in this matter. The question is not so much of merely getting a stranger to tell us how he would run this particular railway as the points of view which have got to be borne in mind which are more concealed than are apparent on the face of the terms of reference.

The first term of reference says, make the railway remunerative, but see that there is co-ordination of rail and road transport, so that, out of 800 crores, at least we may get enough at all events to pay the interest charges and see also that, where we do not provide means of transport, the people, who otherwise have no means of transport, do not suffer. There is also a third element in it, and that is, those who sell foreign made vehicles, other than railway wagons and railway engines, do not also suffer. That is the first part.

The second is: "at a reasonably early date",—I hope it won't be another century,—"place railway finance on a sound and remunerative basis". They have only to turn the magic wand, and the railway finances will turn on a sound and remunerative basis. The questions which I pertinently ask the House, and also to gentlemen who have served the railways of this country ever since the pre-Mutiny days, are these: they have sat here, they have been paid, and if the books which I have read on railway finance state the truth, it is stated that, immediately after the Mutiny, the railway shares which were estimated to cost a shilling cost three shillings, but it did not matter at all, so that the question of over-capitalisation of railways is not merely a new matter. It coincided with two great events, the one was the Mutiny in this country, the other was the invention of the steam engine, and the necessity of selling coal and iron to other countries. I suppose Britain may well remember that, but for that great event of the Indian Mutiny, the way in which their steam engine industry, their steel industry and their coal industry has been fostered would not have occupied the place they occupy today, though gratitude is none of the great virtues of the race which has ruled over us for many years. They ask us to express our gratitude to them for all that they have done for us, but I would like to know if they have expressed gratitude for the place they occupy today in the world during the twenty years after the sixties. The point, therefore, is this, that it is not so much a matter of mere mechanical paper inquiry. It is to be inspired by the point of view with which the Indian railways are to be governed in the future. Complaints have been made that the rate-making,—with which, by the education which the railway experts have provided me for several years as their counsel, I am familiar,—has now proceeded on a basis which cannot be said to be correct. I have often had to defend their point of view as counsel before the Railway Rates Advisory Committee whenever any Indian industry asked for a change of rates in order only that they might

be able to stand on their legs. There can be no question that the rates are made,—it is not a mere matter of arithmetic,—in a manner that they might achieve a certain purpose, and then justify them on grounds which are to be found in many of the text-books on that subject. You first begin by saying you facilitate a certain thing which Britain wants, whether by way of export or import; having done it, find out some formula by means of which the disparity of rates can be explained. The question, therefore, is whether an inquiry of this character is for the re-adjustment of matters of this kind, not a matter exclusively for the benefit of India and irrespective of any inspiration from outside. We could not very well get that from the wedge or the wood, as my friend over there said. It is a wedge, yes, but it is a wood also, so far as its value to us is concerned, and, so far as the third question is concerned, without emphasising that virile hatred is a virtue which is now being preached in Europe, we certainly do feel that we must have spent all our money in vain over the different Members of the Railway Board and the Financial Commissioners including Indians, if we have not yet trained them to understand how our own railways should be run. It is an extraordinary thing to be told that after running our railways for a period of nearly 80 years, nearly 75 years in any case, we cannot find Indians, or for that matter anybody in that service who is able to tell us why our house is not in order; we have always to invite some outsider who is always conversant with conditions of his own country, who has got to be paid by us, who has a policy which is entirely foreign, if not alien to us, to advise us what to do with our railways. And, undoubtedly, he is going to tell us what to do with ourselves—"do with you what we want you to do with in order that we may benefit by you". It is that which is the objection which I have to this formation and personnel of the Committee. It is not merely the short ground which my Honourable friend, Sir Muhammad Yamin Khan, pointed out which generally proceeds on the inferiority complex—why not an Indian? You will never have it if you go on appealing in the squealing manner in which you do. It is only when you have power in your own hands that you will get what you want. You may have the whole of the Indian personnel of the Government of India, but so long as it is inspired by ideas, inspired by policies for the purpose of the exploitation of your land, you may be quite certain that the mere fact that an Indian is there will not be enough. What is more important is to find out in whose interest the railways are going to be run. It is said very glibly, we want to run the railways as a commercial measure. Do they in England invite Germans to advise them as to how German trade can flourish in England? Is that the way in which committees are formed in England? Why is there a different principle to be employed in this land for the purpose of forming committees in order that we may, either in matters of finance or in the case of other concerns, set our house in order. Sir, I support this motion. (Applause.)

**Babu Baijnath Bajoria** (Marwari Association: Indian Commerce):

12 NOON. Sir, I have already spoken on this subject during the supplementary demand, and so I shall be brief today. Ever since this Committee was appointed, there has been great resentment about the exclusion of Indians from this Committee, especially on the part of the commercial community, from all parts of this country. It is a very sad commentary on the high Indian railway officials that none of them were found fit to be included in this Committee. If the Honourable the

[Babu Baijnath Bajoria.]

Railway Member or the Government of India had desired that an Indian should be included in the personnel of this Committee, I have no doubt that they would have found a man suitable and competent for the purpose. Sir, these railway experts who come from foreign countries may be good experts in their own countries. They may have local knowledge of their own railways in their own countries, but they are quite new to this country and the conditions here differ very greatly from the conditions that obtain in their own countries. In this personnel I find that one member from South Africa has also been appointed. I do not know whether South African railway officials are experts in the knowledge of railways in this country. So I think a great injustice has been done. One Indian at least, either a railway official or a non-official preferably, should have been included in this Committee.

Another thing is about the terms of reference. In the last discussion that took place, my Honourable friend, Dr. Ziauddin Ahmad—he is absent today—wanted to know from the Honourable the Railway Member whether a revision of goods tariff was within the scope of this Committee. In spite of his insistence, the Railway Member evaded him, and we did not get a straight reply whether goods tariff also would be revised by the expert Committee. I have got a suspicion in my mind that this expert Committee will also revise the goods tariff and will enhance the rates for several articles just as the Income-tax Enquiry Committee, which was formed merely to advise how to improve the administration of income-tax department, has done. From the report, which has been published, I find that what that Committee has done is that they have tightened the screws and suggested many reforms which will mean great hardship and harassment to the assesseees of income-tax. I have also the same doubt that this Expert Committee will enhance the rates for goods tariff, though all the Chambers of Commerce in India, both European and Indian, have been pressing that the rates for industrial raw materials should be reduced, so that the industries of this country might prosper. No heed has been paid to that.

Another point is this. Though the prices of agricultural produce have risen slightly during the last twelve months, still they are much less than what they were years ago, but the rates have not been reduced at all. If they have been reduced, only a negligible reduction has been made. It is very easy to understand that wheat cannot bear the same rate now as it could when the price of wheat was double that at the present time. These are very important matters, and I would like to have a clear reply from the Honourable the Railway Member as to what will be done about the goods tariff rates by this expert Committee.

**The Honourable Sir Muhammad Zafrullah Khan** (Member for Commerce and Railways): If I had known beforehand what the Committee were going to recommend with regard to these matters, no Committee need have been appointed.

**Babu Baijnath Bajoria:** I only want to know whether they will touch this goods tariff question; I do not want the Honourable Member to inform me what their judgment may be. What I want is, whether the goods tariff will be touched and revised by them at all. Again, as regards the solvency of the railway finances, I am glad that, after a series of

deficits, there has been a small surplus of Rs. 15 lakhs this year. It is a drop in the ocean, but still a surplus, however small, is sweet. However, considering that we have got Rs. 800 crores invested in the railways, the rate-payers do not get any return on their investment.

**The Honourable Sir Muhammad Zafrullah Khan:** What does the Honourable Member mean? Does he mean that interest is not being paid?

**Babu Baijnath Bajoria:** No. Interest is paid on the investment, but no contribution to the general revenues is made; that is what I meant. I think that the expenditure on the railways, especially on the higher grade, is much greater, and there is large room for reduction in that direction. The railways are said to be run on commercial lines, but in practice I do not think that they are run just as a commercial concern should be run.

There are some other matters also, such as the inconvenience of third class passengers, but I shall not deal with them now. I support this motion.

**Mr. S. Satyamurti:** I am glad to see the Honourable the Finance Member here. I have a great grievance against him, because I have been let down badly by him in regard to this matter. I want to say this publicly. I have great respect for him: I have always had great respect for his intellectual honesty. I am a party, as a member of the Public Accounts Committee, to the original proposal, on which this Committee was afterwards appointed. (Interruption by Sir James Grigg.) If my friend wants to say anything, let him get up and say it, so that we may hear it. When we were in the Public Accounts Committee during the last two years, my Honourable friend, Sir James Grigg, in that picturesque and strong language of his, with which we are all familiar, used to swear often at the insolvent nature of the Indian railways. I was deeply impressed by his obvious earnestness, by his obvious sincerity, and by his obvious desire to do something to radically improve the Indian railways. I was so taken in that almost any proposal he put forward for the sake of improving the solvency of the railways, I swallowed at once. Mr. President, in this report of the Public Accounts Committee which I have signed and which has been placed on the table of the House, we say this:

"This is an alarming prospect and in our view things cannot be left where they now are. We would urge therefore that the Government of India should immediately obtain the services of an acknowledged expert in Railway management to conduct an examination of the whole field and recommend steps which will secure definite (i.e., other than mere hopes of increased revenue due to improving trade) improvements in railway finances to the extent of something like 3 crores a year immediately and ultimately of such magnitude as is required to maintain full solvency on a strict accounting basis. And to avoid misconception, we add that the terms of reference should exclude the possibility of securing this end by a mere transfer of liabilities to general revenues."

I think, Sir, the Finance Member may recall a conversation I had with him in one of these meetings of the Public Accounts Committee, when we were discussing these recommendations. I told him in my simplicity "Why not have a Committee and have at least one Indian financial expert on it".

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member ought not to discuss here any conversation that went on in the Committee.

**Mr. S. Satyamurti**: Why not? I am talking of a conversation I had with him. I am not referring to the Committee proceedings at all. I had a conversation with the Honourable the Finance Member. I told him that he should have at least one Indian financial expert on this Committee, if we are going to have a Committee; and then he, in his picturesque language which I cannot repeat here, said: "Oh, I don't believe in these Committees. I want one man who will go into the whole question".

**The Honourable Sir James Grigg** (Finance Member): As a matter of information to the House, may I say that to the best of my recollection this conversation is almost entirely imaginary.

**Mr. S. Satyamurti**: My friend contradicts my statement. Let the House judge for itself. I am perfectly willing to repeat my statement. Let the House decide between him and me.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable the Finance Member denies that he had this conversation. The Honourable Member, Mr. Satyamurti, cannot have a discussion of what took place in a private conversation.

**Mr. S. Satyamurti**: I have a right to say what took place at the conversation. Sir James Grigg is the Chairman of the Committee, and I spoke to him as a member of the Public Accounts Committee.

**Mr. B. Das**: They have not published the evidence on the railways before the Public Accounts Committee of last year. This might be in that record.

**Mr. President** (The Honourable Sir Abdur Rahim): That is another matter.

**Mr. S. Satyamurti**: I have a right to tell the House why I signed this report. I was there, as a Member of this House, elected thereto by this House. I was a party to this document. I have a right to tell the House and vindicate myself as to why I agreed to this recommendation, and what led to it. I was taken in by the Finance Member's strong view that he had no use for a Committee. He wanted a strong expert, who would be a strong man and who would put down with an iron hand all these various ways in which the railways are losing money.

**The Honourable Sir James Grigg**: Up to that point, the repetition of, or rather gloss on, the conversation is correct. The preliminary part of the first version is almost entirely imaginary. If the Honourable Member had confined himself at first to what he says just now, I would not have said a word. The first version is totally incorrect.

**Mr. S. Satyamurti**: There is no difference between the two, except "imaginary". My friend swears so exuberantly that he forgets what he swears. I know what he said. He wanted a kind of financial Hitler to examine the whole question of Indian railways. I sign this report and

go home, and what do I find? A Committee is appointed! Why this breach of faith? We did not want a Committee. We were for an acknowledged expert on Indian railways. I want to know who the culprit was, who went back on this recommendation of the Public Accounts Committee. Who wanted the Committee—is it Sir James Grigg or Sir Muhammad Zafrullah Khan? I want to know. Will you kindly answer this question? I want to know why the Finance Member, as Chairman of the Public Accounts Committee, went back on his opinion. There is no answer. Now, the House can draw its own inference. Who is the person in the Government of India who has thus carried out these evil intentions? When they come to this House, I find that they all forswear this Committee. Somebody must be responsible for this Committee, for this orphan Committee. There is no father here. Everybody looks at the faces of others. Why does not somebody get up and say "I appointed this Committee"? It seems to me to be a bad breach of faith with the Public Accounts Committee of this House.

Now, Sir, look at the terms of reference. It is three crores a year that we wanted saved. We went into these figures most carefully, and we said that you must produce, within the course of the next three years, three crores in order to wipe out the loss. That is gone. They simply say "Secure an improvement in net earnings, due regard being had to the establishment of such effective co-ordination between road and rail transport as will safeguard public investment". Again, this is a matter which was not in our minds, because rail-road competition is a matter of far greater complications than mere financial solvency. There is provincial autonomy on the one hand, and Federation on the other. This Committee is not the body to deal with this question. They have not got the facilities or the authority to deal with a matter, in which the provinces and Federation will differ very radically, and my Leader has already pointed out the implications of this elastic phrase "to place the railway finances at an early date on a sound and remunerative basis". Why do you want a Committee to say this? On this question of not including an Indian, I say that we thought in the Public Accounts Committee that we would get a good expert who, without any obligations of one kind or another to local surroundings or local needs, will put his foot down and place his finger on the weak spots and point to us the particular methods in which we can improve the finances. That has gone now. We have got a Committee. We were for an acknowledged expert.

**Mr. N. M. Joshi** (Nominated Non-Official): An acknowledged expert would include, if necessary, a British expert.

**Mr. S. Satyamurti**: I say "Yes". An acknowledged expert, if necessary a British expert. But an African was not in our mind, nor do I think it was in the mind of Sir James Grigg. This man came in afterwards. At that time, we did contemplate an expert, including, if necessary, a British expert.

**The Honourable Sir Muhammad Zafrullah Khan**: One expert cannot include any one else. I suppose the Honourable Member means that he contemplated that that expert might be a British expert.

**Mr. S. Satyamurti**: That is a matter of English, but my point is this. If it was going to be a Committee, I believed and still believe there are many Indian Accountants General, Financial Commissioners, and big officers in the railway who can recommend to us all the economies we

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want, in order to make the railways solvent. The Government of India may not have use for Sir Raghavendra Rau, but I can point to him and men outside, Indians in the Railway Service, who have got expert knowledge and experience of railways, who can give us all the ideas we want. If Sir Muhammad Zafrullah Khan can be a Railway Member, if Sir Raghavendra Rau can be a Financial Commissioner, and if so many other Indians can fill so many places, is it suggested that on this Committee, we cannot have one Indian with local knowledge and experience and sympathetic touch to serve? I do not want to make my Honourable friend, Sir Raghavendra Rau, blush and say, as they must, "this South African Government's man is all right", as he said yesterday, but duty compels me to say to my friend, the Honourable the Railway Member, that behind him sit at least two persons, who can produce an excellent report provided they are given an opportunity (Loud Applause); to suggest, Sir, that there are no men at all here, and we must get these men from abroad is certainly not doing the right thing by this country. It seems to me that, looking at the question from the Indian point of view, we have a right to demand as an entire House that this Government ought to be censured, for appointing this Committee excluding from it all Indians.

Now, I have an appeal to make to my friends of the European Group. They have always pleaded for sympathy and imagination, and for being treated as fellow-citizens in this country when Provincial Autonomy comes, which is coming in a few weeks. I want now to test them on this acid question. Will they vote with us, or remain neutral? If they go to the Lobby with the Government on this matter, then we will take that as an unfriendly gesture. (Hear, hear.) They hope to trade and to prosper under our protection, and I would ask them—will they vote against the legitimate claim of Indians—so legitimate, so small, and so moderate as the inclusion of one Indian on the Committee, that the most moderate Members of all sections of this House have supported it? I appeal to them either to vote with us, or at least to remain neutral. (Cries of "Vote with us", "Vote with us.") As for voting with us, I expect my friend, the Honourable Sir Muhammad Zafrullah Khan, himself to vote with us, or to resign. Why should he go on supporting such a Government? He is a part of the Government, but he is also a public man, and he won't come back to this House as a nominee of the Government; well, let him make a good beginning today.

**An Honourable Member:** What about the Honourable the Law Member?

**Sir Cowasji Jehangir:** Mr. President, when we last discussed this question, I happened to be present in this Honourable House, and I suggested to the Honourable Member in charge that if it was not possible for him to find a railway expert amongst Indians, he could certainly have found an Indian with financial experience and ability whom he should rightly have included in the Committee. I remember he interrupted me then and said that my friends who were present here on that occasion had made a different demand: they required a railway expert, while I suggested a financial expert. I am afraid that on that occasion I was a little rude to the Honourable the Railway Member, for which I take this opportunity to apologise, but I would again repeat my argument. If a Committee was



to be appointed, surely they would have to go into the question of finance. Why then not have an Indian experienced in finance as a member of that Committee? And I suggested that for another reason: would it not be advisable for the sake of gaining the confidence of the public that an Indian should be on this Committee? Is not this report intended for the public of India? Is it not intended that its conclusions should command the confidence of the public? Then, why exclude an Indian financier from its personnel? Mr. President, I then asked—whether rates were going to be discussed and considered by this Committee. The answer that was then given was that the Honourable Member could not say what the Committee were going to consider. (Laughter.) He drafted the terms of reference and yet he told us that he did not know what the Committee were going to discuss, and was not responsible for what they would say, or what they would consider, or what they would discuss. I asked the Honourable Member—whether he intended that they should discuss rates. Did he intend it, or did he not, or did he intend to leave that entirely to them? If there was any chance of their considering rates, I asked the Honourable the Railway Member, whether he did not consider it absolutely essential that Indian public opinion should be represented on that Committee. Sir, does he not know the history of railway rates in this country? Does he not know that years and years ago, in the late Imperial Legislative Council, men like Gokhale, Ibrahim Rahimtoola and others felt aggrieved at the rate policy of the Government of India on the Indian railways? Does he not know that there are conflicting interests? Surely, India's point of view ought to have been properly represented if rates were to be considered, because, after all, it is over rates that we have felt most aggrieved, and in this matter suspicions have been openly expressed, year in and year out, long before the reforms under which we now work came into existence.

Now, Sir, those were the grounds that were urged upon him and I regret to say that he did not give us a very satisfactory answer. Now, Sir, as so many Honourable Members have said, all I can also say is that it was an absolute lack of imagination on the part of my Honourable friend to have included an expert from South Africa. Surely, were there not enough men in England from whom he could have made a choice to replace this gentleman from South Africa? Was he the only expert in the whole of this British Empire who could advise India on any particular branch of railway administration? Surely Government by now realise that in India, as in so many other parts of the world, sentiment does play a great part. Why, —have not the Honourable Members of Government heard of suggestions inside and outside the House of direct retaliation against any Dominion that will differentiate against us? Such opinions were expressed long before this present Assembly came into existence by men who are considered to be of my school of thought, moderate (Laughter), said to be humble followers of Government (Laughter); mark you, "who are said to be, not really are so". (Laughter.) Why,—men of my school of thought have expressed the opinion on public platforms and on the floor of the House in the old days that there should be direct retaliation by this country and this Government against any Dominion that did not treat our people fairly. There will be direct retaliation yet, and with these strong opinions, held by every school of thought, the Government of India appointed a South African to a Committee that sits in India. What more lack of imagination can there be? What greater political blunder can have been made? Leaving aside the question of appointing Indians, I cannot conceive of such

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a mistake being made by an Indian who has knowledge of the sentiments of Indians. I can understand my Honourable friend, Sir James Grigg, not realising the danger, because he has been in India for a very short time, but I do feel that my Honourable friend, the Commerce Member, who holds just as strong views as we do and who comes from the same school of thought as I do, must have realised this. However, the mistake has been made, and, I am afraid, the Committee's report has been pre-judged: prejudice has been created. It is most unfortunate, because we pay the cost; a supplementary demand was taken from us only a few days ago.

**Mr. Bhulabhai J. Desai:** In our absence and much against your will.

**Sir Cowasji Jehangir:** We voted against the supplementary demand, and a few dozen of us will vote against Government now, but it makes no difference. The Committee has finished its labours and the report is being written. The money has been granted. It is merely a gesture, but these gestures are made day in day out. We feel more as time goes on that our words are mere waste of energy, and that whatever protests come from this country, from any school of thought, are mere waste of words. The consequence of not listening to moderate public opinion has been seen by the results of the elections. (Laughter from Congress Party Benches.) The reason why men like myself do not get a chance at all is due to the fact that our opinions are never listened to by Government. I will repeat what has been said by my friends on dozens of occasions that the greatest enemies of Government are those who advise Government that even the opinion of men of moderate views, which are not in agreement with Government's policy, should be ignored.

Now, Mr. President, what has been the lesson? You were a signatory of a very important document on the reforms, and with you were the Aga Khan and many other most representative men. What did you get? Nothing. And the Government of India had not the courage to back you up. And, Mr. Commerce Member, you were also a signatory to that document. What did you get? Men like yourself, men like the President, men like the Aga Khan, men like Sir Tej Bahadur Sapru protested against certain features in the reforms which are now included in an Act. What did they get? Nothing. Are you, then, surprised that the Congress candidates have been elected? It is the Government who has helped the Congress. You, as Commerce Member, Sir Muhammad Zafrullah Khan, ought to have known our feelings, and surely it ought to have dawned upon you that a great deal of suspicion will be created by appointing a South African on the Committee. But, unfortunately, it did not dawn upon you: the point was simply missed.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member has only two minutes more.

**Sir Cowasji Jehangir:** It did not dawn upon you just as many points which are essential are missed by this Government. It is fruitless to hope now that the lesson will be learnt. But it will pay Government even in the near future to listen to the advice, not of my friend, the Leader of the Opposition, not of my friend, Mr. Satyamurti, but certainly of those who are not Congressmen, but who express their opinion freely and frankly believing honestly that they are expressing it in the interests of India first and Government afterwards.

**Mr. M. S. Aney** (Berar Representative): Sir, the motion before the House does not require, in my opinion, any very elaborate support from any Member of this side of the House. The very frank speech made by my Honourable friend, Sir Cowasji Jehangir, is in itself sufficient to show the depth of feeling of the Indian public about the wrong done to them by the appointment of a Committee like this. By appointing a Committee of this nature, Government have committed, in my opinion, both kinds of sins, sins of commission and sins of omission. They have not appointed a man who ought to have been appointed and they have appointed a man who was never wanted. It is a peculiar evil genius of the Government which should just think of the wrong thing at a certain time. My Honourable friend, Sir Cowasji Jehangir, has rightly told the House what an amount of indignation the people feel in finding one member coming from that land which has been never friendly to the people of this country. It is a territory which has been always hostile to the people of India in every possible and imaginable way. And yet the Government thought it fit to find out a man from that accursed land. But what really surprises me is not so much the appointment of the man from South Africa about whom the Government of India seem to have still been entertaining some kind of affection, but the absence of any Indian on the Committee.

My Honourable friend, Mr. Satyamurti, in his lucid and trenchant speech for the first time clearly exposed that the appointment of the Committee itself is a breach of faith, a thing that was not known to me, I confess. What we expected was not the appointment of a Committee, because the experience of the Indian public as regards the appointment of committees is that it is only a subterfuge for postponing the issues or for getting them out of sight for a long time to come. Therefore, there is a kind of prejudice against the appointment of a committee in the Indian minds, and if that idea had been frankly placed before the Public Accounts Committee, I do not think that the members of that Committee would have allowed a suggestion like that to pass without making some enquiries about the personnel, about the locality from which the personnel was going to be selected, and whether the Government of India had any idea of appointing at least one Indian on that Committee—all these details would have been enquired into by the members of the Public Accounts Committee, had the proposal been frankly discussed with them in the form in which the Committee had been appointed now. All these things have been suppressed, all these things have been concealed. Probably it may be said that at the time they had no idea of appointing a Committee. If there was no idea then, when the proposal was first broached, what took place in the meanwhile to think of a Committee at all? If, at that time, it was only one expert who was to investigate into the matter, why, in the intervening period, did Government think of having three experts, instead of one person, to investigate into all these matters? No explanation is forthcoming on this point. If the idea then was of having three men or a Committee as such, why is it that that idea was suppressed or was concealed from the Public Accounts Committee or not communicated to them before their consent was taken? These are points on which an explanation is needed, and, I believe, unless some satisfactory explanation is given, no Member on this side of the House could be satisfied with the appointment of the Committee and we will all be inclined to vote for the motion before the House. When we consider the nature of the question into which this Committee has to go, we cannot help thinking that without the assistance of qualified Indians,

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the Committee will not be able to do much at all. It is not, as has been pointed out by my Honourable friend, Mr. Satyamurti, that there is dearth of men in India who could be called experts. Whether you want a railway expert or a railway finance expert or whatever be the nature of expert you want, I am sure, even in the illustrious circle adorning the Treasury Benches, we have got capable Indians who know their business and who know how to give disinterested advice if the Government of India seek such disinterested advice at all. The difficulty is that the Government of India probably do not want the Indian railway servant, who is in their employ, to give them disinterested advice at all. They want them to go along a certain routine and follow certain policies laid down by the Government, and they are not allowed to express their view point clearly before the public as to what they think really of the policy pursued by the Government of India in running these railways. I am sure, no one is better fitted to point out the faults and defects of the present railway administration and the railway policy than those who are in charge of it. I have known my Honourable friend, Sir Raghavendra Rau, for the last ten years, and I have had the privilege of working with him on the Railway Finance Committee in intimate connection for a number of years. I know what valuable expert knowledge he has got about every branch of railway administration, how the Railway Finance Committee now and then had to look to him for getting proper advice before deciding upon questions of policy. Whenever we sought his advice, we were never disappointed, and, yet, strange to say, to our extreme surprise, we find that the Government of India did not think or those who were responsible for the appointment of a Committee did not think that they could put on the Committee an Indian whose advice would be of much use even to those experts who had been imported into this country from abroad, even from South Africa. I was told the other day that the South African railways were notorious for their mismanagement and inefficiency. I have never travelled in South Africa, but I can certainly believe that story, because we know the nature of the South Afrikanders who have no sympathy at all for anybody in this world; and, therefore, if there is mismanagement and inefficiency on their railways, then what sort of expert advice can a man in charge of those railways give so as to make our railways financially sound, efficient and well managed? I cannot understand that. What is the predilection which the Government of India felt for getting a man from a land which is notorious for mismanagement of their railways, and also for their hostility, unless there is the same sort of hostile feeling which the Government of India entertain for the people of India. There is no other possible explanation we can think of for getting a South Afrikander on this Committee. Judging it from any point of view, looked at from every point of view, the proposal of appointment of a Committee in the form it was done is unacceptable. The motion before the House was lucidly explained by my Honourable friend, Mr. Satyamurti, I had not the privilege of hearing the previous speakers, but the speech which we heard from my Honourable friend, Mr. Satyamurti, is so convincing that there is no Member even in that illustrious bloc who will be really inclined internally to vote against the motion. I, therefore, commend the motion for the acceptance of the House.

**Sir Muhammad Yakub** (Rohilkund and Kumaon Divisions: Muhammadan Rural): Mr. President, twice I have expressed my feelings of

resentment at the exclusion of Indians from this Railway Enquiry Committee and the inclusion of a Member from South Africa. This is not a question which touches only the pockets of the people of India or a question which touches only the administration of railways in this country, with which no doubt we are concerned very much, but it is a question which touches the honour of the people of India (Hear, hear), the self-respect of the people of this country, and, therefore, I think it would not be proper for me to record my silent vote when the question has come up definitely and directly, for discussion, before the House. It is unfortunate that, when India is on the threshold of new reforms, when we, on this side of the House, have expressed, on more than one occasion, our willingness to co-operate with the Government and to work the reforms, for what they are worth, on an occasion like this, such a rude shock should be given to the feelings of Indians that even moderate leaders like my Honourable friend, Sir Cowasji Jehangir, who has held the position of a Member of the Executive Council of the Governor of Bombay, should stand up and speak in terms as if he belonged to the Congress Party. If Indians are considered fit to hold reins of administration of a huge country like India, if Indians are considered fit to run the Cabinets of big Provinces, bigger than many of the countries of Europe, if Indians are considered fit to hold the positions in India of Governors of Provinces, Governors of the Reserve Bank, Ministers of Provincial Governments, one is unable to understand why an Indian could not be found capable of conducting an enquiry, which is called an expert enquiry, about the finances and about the running of railways in India. I cannot believe that a distinguished Indian like my Honourable friend, Sir Muhammad Zafrullah Khan, whose advent we have all hailed and welcomed as he comes straight from the public life, could support this point of view that there was in India no man who could be appointed to serve on this railway enquiry committee. I think, Sir, that it is probably a position of helplessness, the Honourable Member finds himself a victim of a system in which he could not use his own independent judgment, his own common sense and the feelings of his own mind, and had to say "yes" to what was decided by others.

**Mr. S. Satyamurti:** Then, why is he there? Why does he not resign?

**Sir Muhammad Yakub:** It is not right that he should resign, because it is men like Sir Muhammad Zafrullah, and his predecessors, who have gradually, by their patience, brought India to this stage that now we have come nearer to the realisation of the goal of our aspirations. These people, in fact, have suffered for our sake, and, therefore, they are entitled to our respect in spite of their drawbacks and the difficulties in which they are placed. Sir, it is a great pity that, of all men, my Honourable friend, Sir Muhammad Zafrullah, for whom I have the greatest possible respect and regard, should be the man through whom this Committee should have been appointed, which has given such a great shock, not only to the Assembly, but to the whole country. Then, Sir, to add insult to injury, as has already been pointed out, a gentleman from South Africa was brought in to sit on this Committee. We know in what insulting and shameful manner the Government of South Africa has been behaving towards the people of this country. Only the other day, we saw that they are passing Bills prohibiting inter-marriages with Asiatics and also prohibiting the employment of Europeans by Indians. Here, in India, we complain that Europeans are being employed everywhere to the disadvantage of Indians, but it is an irony of fate that in

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South Africa a Bill is being passed which prohibits the employment of Europeans by Indians. And, when this is the treatment of the people of South Africa towards India, I do not think any self-respecting Indian can in any way agree to the association of any person from South Africa, in whatsoever capacity it may be. Even if I were dying and I was told that only a doctor from South Africa could cure me, I would have preferred death to having been cured by the man from South Africa the people of which country have so much insulted the people of my country.

Sir, it is not necessary that I should make a long speech on this occasion, as I have twice expressed my feelings. I, again, for the third time, enter my strong protest against the manner in which this Committee has been appointed to the exclusion of Indians, and a South African having been appointed to serve as a member.

**Mr. M. Asaf Ali:** Sir, the question may now be put.

**Mr. President** (The Honourable Sir Abdur Rahim): Surely the Honourable Member does not want to shut out a member of his own Party from speaking? Dr. Bhagavan Das.

**Dr. Bhagavan Das** (Cities of the United Provinces: Non-Muhammadan Urban): Sir, I have only one thing to say, and I will not take more than two minutes to say it. I wish to invite the attention of the House to one point which, it seems to me, has not been touched upon by any of the preceding speakers. I will speak from the standpoint of the man in the street such as I am. The man in the street has been believing that those gentlemen on the front benches opposite, who are running the various departments of the Government of India, are there, have been placed there, and are maintained by us, because they are experts in the business which they are conducting. If they beg for the help of other experts, of all sorts, in all departments, to put things right which they have put wrong, then it amounts to a confession that they are inexperienced and incompetent for the work which has been entrusted to them. If that be so, certainly let us appoint other experts; let us have brand-new men, but not as temporary advisers and in addition to these gentlemen. Let us, first of all, send all these gentlemen to the scrap-heap,—the Railway Member, the Financial Commissioner of Railways, the Railway Board, and all their innumerable assistants and huge officers, who are unable to carry on their work without the help of new experts. Let us appoint these new experts by all means, but in their place, and not in addition to them to add to the already unbearable burdens of the Indian people. Why should we bear the immense burden of maintaining all these gentlemen and their enormous offices if they proclaim themselves inexperienced and incompetent to run their business? That being so, I would be perfectly willing to appoint an Afrikaner even, provided he is an acknowledged real expert in his work, and provided that, before he sets foot on Indian soil, he swears allegiance to the Indian people, whose salt, salarium, he would eat. Sir, I support the motion.

**Mr. M. Asaf Ali:** Sir, the question may now be put.

**The Honourable Sir Muhammad Zafrullah Khan:** Sir, this is the fourth occasion during this Session that this question has come up for discussion,—on three occasions on the floor of this House, and once during the general discussion in the other House. (*An Honourable Member:* "No wonder".) An Honourable Member says, "No wonder". I am not objecting to the question being discussed on all occasions when it might be relevant. I was merely going to say that some Honourable Members might feel that I was repeating some of the observations that I had made on previous occasions, and I was in mitigation going to plead the fact that it was not my fault. I am afraid, the Honourable Member was a little too hasty with his exclamation.

Sir, I have explained on a previous occasion, the genesis of this Committee. Mr. Satyamurti has read out one paragraph from the report of the Public Accounts Committee, dated 5th September, 1936. He has tried to explain his own part in signing that report. There was no question of the inclusion of any Indian among those who might be called upon to undertake this investigation into the finances of the railways. If any indication can be found in the report of the Public Accounts Committee of that date, the indication is that the advice to be sought was to be sought from outside.

**Mr. S. Satyamurti:** One expert, not a Committee.

**The Honourable Sir Muhammad Zafrullah Khan:** I am coming to that. There is no other indication in that recommendation.  
1 P.M. I venture to submit,—and I shall in a moment read another paragraph from the report of that Committee to substantiate my submission in this respect,—that the attitude of the Committee was this: "You have done what you could. We do not deny that you have done a good deal yourselves to effect economies, but a great deal more is required by the situation. You should, therefore, get independent advice in this matter and get an acknowledged expert in railway finance to look into these matters and to give you advice". No doubt that advice would be considered by the Government of India together with such other material that might be available to them and they would arrive at decisions on the basis of the whole material available. But the Committee appeared to be anxious that in dealing with the situation which they had described as alarming—and it is a situation which did cause and continues to cause anxiety—no effort should be spared to get all the advice that was possible. At that time there was no question of any political or racial bias in the matter. All that was required was somebody with the requisite knowledge and the requisite experience, competent and willing to give advice on this purely technical matter. That, I venture to submit, was the attitude of the Public Accounts Committee; and I go further and say that the only legitimate inference to be drawn from the recommendation of the Public Accounts Committee is that that expert was to come from outside. . . .

**Mr. N. M. Joshi:** Outside the railway services. . . .

**The Honourable Sir Muhammad Zafrullah Khan:** Mr. Satyamurti has himself told us that they did contemplate that such an expert might come from outside the country. Mr. Satyamurti has read out one paragraph,



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and I shall read out the next one, from the Report of the Public Accounts Committee:

"In making this recommendation that there should be such an inquiry, we do not wish to imply for a moment that railway administrations have made no attempt to restore railways to a position of financial stability. We are satisfied from the evidence which has been placed before us that strenuous efforts have been made during the past few years to effect economies and to stimulate railway revenues; but we feel that nothing should be left undone to secure the re-establishment of commercial solvency of railways, and we consider that an independent inquiry conducted by a railway expert which we have suggested will be of great value in attaining the object we have in view."

Mr. Joshi would have us believe that the Committee had in mind an Indian railway expert outside the railways. I venture to submit that that is not reasonable interpretation of the Committee's recommendation. The Committee were anxious that independent advice, by which is meant the advice of some railway expert, not connected with Indian railways, should be obtained; and for this reason they said "We appreciate the efforts that you have made: they have produced certain results; but the situation still calls for drastic remedies; before you decide what further you should do, look for advice in any quarter from which it might usefully be obtained, and if experts outside are able to give advice of which you might be able to take advantage, that is a matter which you should not neglect. You have done certain things: we are satisfied that you have done a good deal: but now you must do something more, and, before you decide what that something more should be, get outside advice also". That was the position. At that time, as I have said, neither in the minds of the Committee, nor in the minds of Government was there any question of Indian or non-Indian, European or otherwise; and this is reinforced by the fact that some Honourable Members who were members of the Committee had people from outside in their minds. Mr. B. Das, for instance, speaking in this House on the 19th February, 1936, said that he had given the Finance Member privately his wholehearted support with regard to this suggestion of getting experts from outside. He said:

"We want men of the type of Sir Josiah Stamp, or Sir Guy Granet, to investigate into the condition of the railways here . . ."

**Mr. B. Das:** I said the same thing today also.

**The Honourable Sir Muhammad Zafrullah Khan:** Surely it cannot be made a grievance that Sir Josiah Stamp or Sir Guy Granet's services were not obtained. The point we are on is whether somehow Government have, by the appointment of this Committee, which consists of non-Indian experts, insulted the people of this country. Had Mr. B. Das been taken at his word and a Committee consisting of Sir Josiah Stamp and Sir Guy Granet had been appointed, he could certainly have had no grievance.

**Mr. B. Das:** I wanted one, not two.

**The Honourable Sir Muhammad Zafrullah Khan:** The language was: "We want men of the type of Sir Josiah Stamp or Sir Guy Granet". I am not making any point on that. What I am saying is this: the Public Accounts Committee used words in the singular, Mr. B. Das used them in the plural . . . .



**An Honourable Member:** "Or" is not plural!

**The Honourable Sir Muhammad Zafrullah Khan:** It was not a *sine que non* of the Public Accounts Committee's recommendations that nobody else should be associated with the acknowledged expert, nor does the language used by Mr. Das import that there must necessarily be more than one. I shall come later to the question whether there being more experts than one on the Committee makes a real difference to the political or racial issue, whatever difference it might make to the outlook that they would bring to bear on the questions they had to investigate. What I am on at present is whether the absence of an Indian is an insult to the people of India. Here are these two, one a recommendation by the Committee, and the other a suggestion by an Honourable Member who spoke yesterday and has also spoken today . . . .

**Mr. B. Das:** And I am also a member of the Public Accounts Committee!

**The Honourable Sir Muhammad Zafrullah Khan:** I am not forgetting that. The Honourable Member's name appears immediately below that of the Honourable the Finance Member in the list of signatures attached to the report, dated the 5th September, 1936. It was said: "Who would supply the local knowledge and experience to a Committee consisting of outside experts? Who would supply the local financial knowledge?" There are two replies to that. One is, that the same means of obtaining local knowledge would be open to a Committee as would be open to a single expert. Assume that Sir Josiah Stamp, or Sir Guy Granet, or Sir Ralph Wedgwood had been appointed by himself without anybody else being associated with him. Who would supply the local knowledge then? Who would supply the local colour, the local experience and the financial experience? Exactly the same sources of obtaining knowledge were open to the Committee as would have been open to a single expert. The second reply was suggested by some Honourable Members themselves: they said "In India, we have several people who could have given all the necessary advice to this Committee: we have several people on the financial side: there are the Accountants General: there is a very eminent and able Indian in the Railway Board now as Financial Commissioner. These people or any of them could have supplied the financial knowledge." I pointed out during the general discussion, that the very eminent Indian Financial Commissioner was associated with this Committee and toured with the Committee while they were getting their information and freely placed at their disposal all his financial knowledge and experience. The Public Accounts Committee were aware of the composition of the Railway Board; they were aware of all the experience that was available to the Railway Board and the Government of India, and yet they said: "We know all that, you have utilised all that, but something more is necessary, and that something more is advice from outside", and we proceeded to obtain that advice from outside, and because it was found necessary to have more experts than one to consider all aspects of this question, the whole of this racial and political bias is sought to be dragged into the matter. Even at the risk of repetition, I will say, Sir, that if their advice had been followed to the letter, that is to say, if Sir Ralph Wedgwood alone had been appointed and the other two gentlemen associated with him had merely been

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his advisers, Honourable Members could not possibly have taken any objection, and yet, I venture to submit that that would have made no difference whatever to the Report that they might eventually have made which, instead of being signed by three, would then have been signed by one, but the experience of the three would have gone to the settling and the writing of it. Honourable Members themselves contemplated an expert from outside, who could not possibly have been partly from India and partly from outside—he would have been only one, and all these arguments that this implied a lack of experts in India, that the outside expert lacked local knowledge and local experience would have been brushed aside. My plea to Honourable Members is that they should not import into the question considerations that did not arise at all. Government's sole anxiety was to obtain the kind of advice that Honourable Members were anxious that Government should obtain, and after obtaining that advice and pooling it with the experience and the advice already at their disposal, to come to decisions. All the advice and the experience in India was available and is still available and will be made use of before final decisions are reached. The Public Accounts Committee were, however, anxious to obtain outside advice. The attitude then was: "The railways are very sick, we have tried local physicians, a certain amount of improvement has been effected, but we should now have an expert from outside to examine the patient and prescribe some more effective remedy". It is now said: "You departed from our advice, because, instead of one, you have appointed three, but if you had appointed one, we would have had no grievance that he had no local knowledge . . . ."

**An Honourable Member:** It would have cost less money.

**The Honourable Sir Muhammad Zafrullah Khan:** Possibly it would have cost less money, and probably the advice obtained would have been less valuable.

I now come to the question why a departure was made from the letter of the recommendation of the Public Accounts Committee, and three experts instead of one were appointed.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member might resume his speech after Lunch.

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

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The Assembly re-assembled after Lunch at Half Past Two of the Clock, Mr. Deputy President (Mr. Akhil Chandra Datta) in the Chair.

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**The Honourable Sir Muhammad Zafrullah Khan:** Sir, when the House adjourned, I was submitting that objection had been taken to three experts being appointed instead of one. The only argument in support of the objection that has been put forward is that, if it had been one expert, he could have issued a fiat like a financial Hitler, which the Government of India would have been bound to obey, and that, somehow, by setting up a

Committee of three, they have altered that position for the worse. I assure the House that the Government of India will attach the same value, if not greater value, to the report of the Committee, that they would have attached to it if the Committee had consisted only of Sir Ralph Wedgwood without the assistance of his two colleagues. The Government of India, to begin with, had no desire to appoint a Committee of two or three. They were prepared to act upon the recommendation of the Public Accounts Committee, that if an expert of the kind that the Committee had in mind could be found, a single expert should be appointed to carry out this investigation. When the question of making the actual selection arose, they found that this enquiry would necessarily embrace a fairly wide field. After all, what we wanted was more net earnings, and into the question of more net earnings enters almost every kind of question which Honourable Members are in the habit of discussing on the floor of this House and many more. That being so, Government were faced with the position that if there was to be a thorough enquiry into all matters which would contribute or would be expected to contribute towards the betterment of the finances of Indian railways, greater knowledge and greater experience would be requisite than any one expert was willing to admit the possession of, and it was solely out of that consideration that two members were associated with the Chairman in the conduct of this enquiry. It has been said: "Why did you select an expert from South Africa having regard to the sentiment of Indians with regard to the position of their brethren in that Dominion?" Now, Sir, I should have thought that in making the recommendation that the Public Accounts Committee made, they did not want any question of sentiment to come into this business at all. It was a question of hard cash. I regret to observe that at this stage political and racial questions have been dragged into the matter, but I should have imagined that my duty as Railway Member was to get together a Committee which in its personnel should combine all the necessary experience and knowledge that was requisite for this particular purpose and for this purpose only.

**Pandit Lakshmi Kanta Maitra** (Presidency Division: Non-Muhamadan Rural): And also the confidence of the public.

**The Honourable Sir Muhammad Zafrullah Khan:** My Honourable friend, Sir Muhammad Yakub, delivered himself of a very heroic sentiment in this connection. He said: "If I were dying and a South African physician were the only physician who could secure a fresh lease of life for me, I would not call him in". People may or may not agree with that sentiment so far as their own lives are concerned. Some people may be disposed to think that it would be tantamount to suicide, but it would be Sir Muhammad Yakub's own business. He alone would be entitled to place a value upon the continuation of his own life—whether the sentiment that he would not call in a South African physician was of greater value to his country than a continuation of his existence. (Laughter.) But I must point out to him that there is a radical distinction here, and it is this. If it were a question of one's own life, one could, to a certain extent, take the decision and the consequences upon oneself. But when it is a question of the life of one towards whom one stands in a fiduciary relationship, if one is a trustee for the life of another, I doubt whether one would

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take the responsibility for the decision, that though a physician is available, he should not be called in, because one dislikes the political sentiments of his countrymen. May I suggest, in this connection, that Honourable Members are themselves being influenced by political bias. If it were a question of granting privileges and rights to South Africans in this country, I would be at one with them in holding that, unless there was reciprocity, it would be very undesirable that any such proposal should be supported.

(Sir Cowasji Jehangir rose in his seat.)

I quite realise that the Honourable Member wants to press some other argument upon me, but surely the time for that is over.

**Sir Cowasji Jehangir:** I only want to make an interjection with your permission.

**Pandit Krishna Kant Malaviya** (Benares and Gorakhpur Divisions: Non-Muhammadan Rural): But your advice is not listened to.

**Sir Cowasji Jehangir:** I was only going to say, was the appointment of the South African essential to the existence of railways in India?

**The Honourable Sir Muhammad Zafrullah Khan:** I was submitting that here the question was not so much of sentiment, but of obtaining advice which might prove beneficial to the railways. The question was, where could we get that advice from. Should we have been influenced by political and racial considerations and have said, though useful advice can be obtained, we are not going to obtain it, because there is a question of sentiment involved? I have been asked, was it essential to get an expert from South Africa? If it is meant whether, in the event of an expert from South Africa not being available, we would or would not get the results that we are aiming at, it would be a purely hypothetical question which nobody could answer. Each question has to be decided with reference to the facts as they appear when the question arises for decision. Here is a railway system which in many respects has had to face difficulties similar to those that have been experienced and are being experienced in India. One Honourable Member mentioned the deplorable condition of South African railways to which reference is said to have been made by my predecessor on the floor of the House and a very unfavourable comparison was made, unfavourable to the South African railways, between those railways and the Indian railways. That is exactly the reason why an expert from South Africa was called. Those railways were in that position, and they have, during the last three years, made a wonderful recovery from that position.

**Mr. Bhulabhai J. Desai:** Why did you not do it yourself instead of calling him, as he did in his own country?

**The Honourable Sir Muhammad Zafrullah Khan:** We were told by your colleague sitting to your left that, having done all we could, we must now get outside advice. If it was found that a railway system having difficulties similar to those being experienced by the Indian railway system had been able to surmount them and that it would be useful to have the advice of somebody who had to a large extent been responsible for the change that had been brought about on that system, I certainly would have been failing in my duty, if, with that knowledge, I had said: "No, we shall not take advice from that quarter".

**Mr. Deputy President (Mr. Akhil Chandra Datta):** The Honourable Member has got only two minutes more.

**The Honourable Sir Muhammad Zafrullah Khan:** Sir, an appeal was made to me from the opposite side that I should continue, in order to enable Members on the opposite benches to have their full quota in the House.

**Mr. Deputy President (Mr. Akhil Chandra Datta):** The Chair has no discretion in the matter. But if the House wishes, the Chair will certainly have no objection.

**Some Honourable Members:** Let him go on.

**The Honourable Sir Muhammad Zafrullah Khan:** That was the reason why I could not bring myself to say "No, we must not have anybody from South Africa, though his advice may be very valuable".

**Mr. M. S. Aney:** On a point of order. How long can the Honourable Member continue his speech on sufferance of the House?

**The Honourable Sir Muhammad Zafrullah Khan:** I am prepared to finish in two minutes. (*Some Honourable Members:* "Let him go on.") Then, the question was raised whether no Indian competent for this purpose could be found. I submit the question whether there was or was not an Indian, whose advice would have been equally valuable, did not arise. The Public Accounts Committee looked at the situation as they found it, with all the advice available in India to the Railway Board and the Government of India and they adopted the position that though such advice was available and would continue to be available and certain improvements might result therefrom, that was not enough. We were told we must go outside for advice. Surely Government cannot be blamed at this stage for not appointing an Indian on the Committee. Honourable Members opposite were willing to entrust the enquiry to a single British expert.

Sir, this debate has effected some good at any rate. It has made clear the fact that Government's decisions even in purely technical matters must not be based merely upon factors that bear strictly upon those matters, but should import considerations of a political and racial character. (*An Honourable Member:* "Don't they always?") Sir, I read out yesterday a sentence from the Acworth Committee's report where it is pointed out that charges based on motives are difficult to prove or disprove. Honourable Members are entitled to their opinion, but I assure them that, with regard to the matter that we are discussing, no consideration whatsoever of any racial or political character entered into the question. At any rate, Sir, this debate has given an opportunity to Sir Henry Gidney to bud out as an Indian nationalist. I hope he will claim equality in all respects, not only with Indian politicians, but also with Indian workmen and subordinates in railway workshops and offices. It has afforded another Honourable Member, Sir Cowasji Jehangir, the opportunity of laying at the door of Government the blame for what has recently happened in the elections. I do not know why he should deplore what has happened during the elections. The electorate has recorded a verdict in favour of the people whom they want to be represented by in the Provincial Legislatures. Why should he express so much concern at the result of the elections? The same Honourable Member expressed his indignation at our having imported one

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Member of the Committee from South Africa. I did not realise that he was exercised to that extent by hatred of South Africa and South Africans. I remember an occasion of princely entertainment to the South African Delegation at Simla for which he made himself responsible. I thought that that was a very honourable and hospitable thing to do in the interests of India to promote goodwill between the two countries, between India and a country where Indians do not get a square deal, and I agree that that was done out of the highest patriotic motives.

**An Honourable Member:** That Minister in South Africa is resigning.

**The Honourable Sir Muhammad Zafrullah Khan:** I am, therefore, rather surprised at the sentiment to which the Honourable Member has given expression that, where it is possible to derive benefit from the advice of a South African, there being no question of conferring any benefit upon South Africa or granting any privileges, I should not avail myself of such advice. These are the reasons, Sir, which led Government to depart in one particular from the advice of the Public Accounts Committee in constituting this Committee, that is to say, that, instead of asking Sir Ralph Wedgwood alone to sign the report, we agreed that the two gentlemen, who were selected as his advisers, might also join him in drafting and signing the report. Mr. B. Das, an Honourable Member on the opposite side, who has given expression to the sentiment that all the advice necessary could have been obtained in India, was himself the Member who suggested that Sir Josiah Stamp or Sir Guy Granet should conduct the inquiry, and I cannot conceive why, by doing almost exactly what the opposite side suggested, Government should be held to have been to blame in this matter.

**Pandit Govind Ballabh Pant** (Rohilkund and Kumaon Divisions; Non-Muhamadan Rural): Sir, I have listened to the speech of the Railway Member with undivided attention. It was lucid as usual, but what struck me most was its sophistry, the inconsistency of his argument and the delusion . . . . .

**Sir Muhammad Yakub:** On a point of order. Before the Honourable the Railway Member got up to speak, closure was moved, and it was expected that the Railway Member's speech would close the debate. How can another Member speak now?

**Mr. Deputy President** (Mr. Akhil Chandra Datta): Technically the position was this. Although the closure was moved, the question was not put to the House.

**The Honourable Sir Muhammad Zafrullah Khan:** May I submit that I personally have no desire to shut out the Honourable Pandit from making his speech. A request was made to me by the Party, to which the Honourable speaker belongs, that the debate might now be closed and that I should get up as they were anxious to close the debate, and then the formal request that the question be now put was made to the Honourable the President. He observed that one member of the Opposition was still anxious to speak. That Honourable Member said he would take only two minutes, and when he sat down, I accepted it as a ruling from the Chair that the debate was now to be closed, and I must get up to make my reply.

**Mr. Deputy President (Mr. Akhil Chandra Datta):** The position is that the Chair has already called upon Pandit Pant to speak. He has begun. Under the Standing Orders and Rules, the Honourable Member in charge of the Department can speak again. That is the Chair's impression about the rules. (*Some Honourable Members:* "He cannot.") Technically, the question was not put, and, therefore, the Chair would like to stick to its ruling.

**Pandit Govind Ballabh Pant:** I do not see why the Government should be so nervous.

**The Honourable Sir Muhammad Zafrullah Khan:** I have not the slightest desire to prevent the Honourable Member from speaking. I was merely explaining what had happened.

**Pandit Govind Ballabh Pant:** It is just like him,—he does not want to prevent discussion, but he does not want it to go on. (*Laughter.*)

**The Honourable Sir Muhammad Zafrullah Khan:** I did not take objection.

**Pandit Govind Ballabh Pant:** That was my commentary on your remarks.

Well, Sir, that is just on all fours with the trend of his arguments on the main motion itself. As I was observing, his speech was a patchwork of sophistry, inconsistency and delusions, I will not say hypocrisy. He has again dangled before us the old slogans which have been repeated from that side,—of trust and trustees, of our unduly importing racial and political prejudice, and of our introducing sentiment where reason alone should be allowed to have its play. Well, in fact I would not have got up but for my impression from the way he made his speech that the real issue was being left out and he was concentrating on mere words and the formal part of the subject, instead of going into the matters of substance and the questions really in issue. He made a passing reference to the decision of the Public Accounts Committee, and, then played upon certain words that had been used here and there by other speakers. The question before the House is this. This Committee had been asked to survey the entire field of railway administration. It had been appointed with a view to framing proposals that would place the railway administration on a sound and stable economic basis. Whether a Committee, consisting of strangers imported from abroad, can do justice to the national interests that are involved in such a survey—that is the real problem, and I ask the Honourable the Railway Member to answer the question straight,—whether an issue of such a far-reaching character, which requires a study of the entire Railway Administration in all its aspects in order that a remedy might be devised by means of which the Railway Administration will be permanently placed on a sound economic footing, whether such an inquiry can be conducted by strangers imported from abroad, and whether such a Committee can do justice to the various conflicting interests that must necessarily come in for consideration and examination.

Sir, too much has been said as to the expert character of this inquiry. I do not understand what is exactly meant. Is this inquiry being held with a view to devising the form in which the balance-sheet should be cast?

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Is this inquiry being held with a view to devising a formula as to how the depreciation charge should be calculated? These are matters more or less of expert accounting and auditing; but here we are concerned with the human factor, and political and racial issues do come in. What is, after all, the main problem of our Railways? We have a top-heavy administration. The men at the top are imported from abroad, and they are given salaries which are entirely beyond the reach of the average passenger who travels on the railway trains. We have been told that the railway rates are low. I want to put the other question—what proportion do the salaries of the men at the top bear to the passenger or the goods rates in other countries? Do they bear the same proportion here? If they do not, is it not necessary to bring them down? We know that many of our woes are due to the foreigners being in charge of the administration in this country in every vital department. Here we know that the question of the Lee privileges does come in. The question of the fat salaries given to foreigners does come in. The question of Indianization does come in. If you want to put the Railway Administration on a sound basis, you have to run the railways economically. If you run them economically, you have to cut down salaries. If you want to cut down salaries, you must withdraw the Lee privileges. If you want to cut down salaries, you must replace the foreign agency by the indigenous agency, as it is only in this manner that you can make the railways work economically. Then, does not the political or the racial issue come in? If it does come in, then can foreigners do justice to the Indian interests? That is what my friend has to answer.

Then, there is another question. It is mentioned in the terms of reference that this Committee will deal with the problem of rail-road competition or rail-road co-ordination. It is one of the most intricate issues, but it has been handled in different countries by the people of those very countries. If you import more of motor buses, more of motor cars and these things, there are interests abroad which are interested in the export of these things. There are similarly others interested in the import or export of engines, boilers and wagons. Do not these issues come in, and do not thus foreign interests come in for consideration in a matter of this sort?

Then, there is the question of the manufacture of locomotives in this country. It does react on the manufacturers of locomotives in other countries. Will this Indian question be properly tackled in this manner? And can they do justice to it? And I ask—can he draw a picture ignoring the background? Can anybody go into the question of the Railway Administration in this country if he is unacquainted with the ways of living in this country, if he does not know the standard and level of living of the people of this country? Sir, unless one is familiar with these basic fundamentals, it is impossible for him to arrive at any sound conclusions that would place the Railway Administration on a sound, economical basis.

Then, again, the question of railway rates is equally important. So far, the Railway Administration has followed a policy by virtue of which the export and the import trade has been encouraged and the inland trade has suffered. The time has come when the entire rate policy should be re-adjusted and modified in the light of the requirements of the country so as to encourage the inland trade and the movement of



goods within the country. Thus the question of racial and political prejudice again comes in. Are not other people interested in facilitating the export and import business and in keeping out the inland business? If they are, then, who is there to safeguard the interests of Indians in this country on this Committee, and to see to it that justice is done to Indian demands and Indian interests? Does not the Honourable the Railway Member know that during the last twenty years, while the railway expenditure has mounted up at a geometrical pace, even while the railways were working at their best the railway income went up only by an arithmetical scale, with the result that, during the twenty years that preceded the year 1933, the railway income went up by only about 110 per cent., while the railway expenditure rose by 230 per cent.? Sir, the crux of the problem of Indian Railway Administration, in reality, is, how to reduce the expenditure. If you raise the railway rates, you thereby handicap the movement of goods and thereby prejudice the progress of trade. If you raise the salaries of people when you import, then you add to the expense. The other day, certain figures were given. What do we find? We find that the pace of Indianization is so very slow that it does not go beyond two to three per cent. a year, so that it must take another fifty years to replace Europeans by Indians even in the railway services.

Then, again, we find that during the last ten or fifteen years, the interest charges have gone up by about 70 per cent. The capital at charge has mounted up, and the income has gone down. You have all these things to solve. Every one of these things does involve a political issue, and there the rub comes in. It is not a mere academic question. These are vital issues which have to be tackled by this Committee and on which findings are expected from this Committee. When these findings will be placed before us, they will come with the weight of an expert Committee of people imported from abroad because of their special knowledge, and then we will be told that these are the only sound conclusions on which a sound railway policy can be based, and this House will then be confronted with a *fait accompli* which will be the result of the machinations of this Government. So, I say it is not a question of mere form; it is a question which involves fundamental issues of a far-reaching character.

Then, Sir, may I know if South Africans and Europeans were imported in other countries? Does not the Honourable the **S. P. M.** Railway Member know that there are other countries, such as Bolivia, Paraguay and Argentine and several others in which the railway traffic had to be suspended completely for three or four years, because the railways could not pay their way, and yet these people did not invite their neighbours from South Africa though they were close by? It is only here that we have considered it necessary to import these people from such a long distance to tell us what is wrong with Indian railways. It has been said that no experts could be found outside South Africa. Well, we have known South Africa as an expert in so far as the heaping of humiliations, insults and effronteries on Indians is concerned. I do not know if it possesses any expert knowledge or tendency in any other direction. He said, you are importing sentiment. Yes, we are importing sentiment inasmuch as we know that national self-respect is the key to the solution of national economy. Persons, with a perverse outlook, cannot give you a sound decision even on matters of scientific interest.

[Pandit Govind Ballabh Pant.]

And it is not a scientific problem. The question of Railway Administration is a human problem. The question of efficiency is a human problem, and here you have to see how best to promote efficiency in this land; how best to encourage economy in this land. Then, the Government have been following a perverse policy. They have been raising the rates during the last few years, and they have been raised in spite of the fact that the prices have gone down. And what is it that we have observed? We have observed that the rates charged for same distance for goods taken from one place to another inside the country as compared with the rates charged for goods exported to the ports or imported therefrom are almost double. All these political questions face us; to tell us that we are importing political or racial prejudice, while political prejudice has been imported by the Government in deliberately excluding Indians, is a travesty of truth. I say, Government have been guilty of grave political and racial bias and they have been swayed by political and racial considerations alone. It is not only in this case, but that has been the way of this Government all the time. You imported people from abroad to deal with the question of income-tax . . . .

**Mr. Deputy President** (Mr. Akhil Chandra Datta): The Honourable Member has got two minutes more.

**Pandit Govind Ballabh Pant:** That is enough for me. They imported people from abroad to deal with the problem of income-tax. Was there nobody available in this country conversant with the subject of income-tax? They imported people from abroad in order to study the question of education of our children. Was there no Indian available to help them in this matter? They imported people from abroad to deal with the question of the Indian agriculture. Was there no one available in this country to help them in this matter? They imported people from abroad to deal with the question of financial administration and adjustment of relations between Burma and India. There is not a single problem for which they can find a suitable Indian in this country, and that is the state to which they have reduced this country after 150 years of their administration. The railways in this country have been in existence for about 100 years, and we have got a larger network of railways than many other big countries, and yet we cannot find a single Indian in this country to be included in this Committee. The Honourable the Railway Member told us that he had brought into this Committee other people as there were various matters to be considered, and he wanted to give this Committee a long rope. I hope the House will not be misled by the Railway Member's remarks.

**Mr. Deputy President** (Mr. Akhil Chandra Datta): Before Mr. D'Souza is called upon to speak, the Chair would like to say that, although the question was not technically put, there was some misconception about it. At all events, there was the impression that the closure had been accepted and that the debate had been closed, and that is why the Honourable Sir Muhammad Zafrullah Khan says he gave his reply. In view of that, before putting the question, the Chair feels it should call one more Member to speak from the Government Benches.

**Mr. F. D'Souza** (Government of India: Nominated Official): Sir, there appears to be an attempt on the part of the Honourable Member who has just spoken to draw a red herring across the trail. The debate previous to his speech had also imported a good deal of political feeling, but the Honourable Member for Railways, when replying to it, brought the question back to its purely practical aspect. He particularly explained that the Railway Enquiry Committee had been constituted to give effect to the recommendation of the Public Accounts Committee. That recommendation was for the appointment of an expert, and the various questions to which my Honourable friend, Pandit Govind Ballabh Pant, has just referred, such as the question of a top-heavy establishment, allegations that freight rates for imports and exports were operating to the detriment of internal movements, the manufacture of locomotives and the various other aspects of railway working which may trench in one respect or another on railway finances, are all matters which would, in the normal course, come under review during such an inquiry to the extent to which expert technical knowledge was necessary to enable conclusions to be formed. My Honourable friend, Mr. B. Das, was particularly emphatic on the point that an expert of the standing of Sir Josiah Stamp or Sir Guy Granet should be called in. These were the two names he particularly mentioned. I do not believe that in responsible railway circles there would be any attempt to underrate either the capacity or the ability of Sir Ralph Wedgwood for this particular inquiry. His acknowledged eminence among railwaymen in Great Britain has given him a world-wide reputation, and, although it seems scarcely appropriate for me to stand here to certify to his ability, railwaymen throughout the world know perfectly well that if an inquiry of this importance necessitating expert knowledge had to be entrusted to any single individual, they would have to go far to find a man better qualified than Sir Ralph Wedgwood to undertake it.

**Mr. S. Satyamurti:** Then why should you have a Committee and exclude Indians?

**Mr. F. D'Souza:** I am coming to that. Then, again, my Honourable friend, Pandit Govind Ballabh Pant, referred to what had been done in other countries when an expert inquiry was required to be made in regard to their railways. He mentioned particularly certain South American States, Bolivia and Paraguay were, I think, amongst the others he instanced. It would perhaps interest the House to know that an expert inquiry was conducted by Sir William Acworth into the financial position of the Austrian railway system about fifteen years ago. That was a case where a country might reasonably have been expected to look to their nearest neighbour, say, Germany or Italy or France, for an expert to inquire into their financial conditions. But why did they go to England? Because they realised that they could obtain there the services of one who was of acknowledged eminence in railway matters.

**Pandit Govind Ballabh Pant:** Was it on the initiative of the Austrian Government or because of the investments of the United Kingdom in the Austrian railways?

**Mr. F. D'Souza:** To come back to the point from which I had diverged for a moment, if this British expert alone had been appointed and if he had not had associated with him, as the Honourable the Railway Member has pointed out, two other railwaymen, the House would surely not have taken exception to such action. As I said before, it was in pursuance of the recommendations of a Committee of this House that the enquiry was arranged. Can there, therefore, be any justification for all these political questions that have arisen, merely because two other experts co-operated in the enquiry? I think the answer to that would be in the negative. I would, therefore, put it to the House that if they divorce from their minds the purely political features which have only recently been imported into this discussion and which were never in the minds of those with whom the idea of having an expert enquiry originated, then there is no room for any suggestion that behind the action taken by Government there was anything of a nature which might be characterized as political.

**Mr. S. Satyamurti:** Why did they exclude Indians? Are you not fit enough to be on the Committee?

**The Honourable Sir Muhammad Zafrullah Khan:** Pandit Govind Ballabh Pant said, here are these political questions on which no Englishman would be competent to give an opinion. Mr. Das and Mr. Satyamurti, on the other hand, were willing to commit all these questions to the decision of one Englishman.

**Mr. F. D'Souza:** That is, Sir, what I was about to say on this point. If, then, the question is looked at from the practical point of view, that is, the rehabilitation of railway finance, no exception can reasonably be taken to the appointment of this Committee: the idea underlying the selection of the personnel for the Committee being nothing more than getting the best men to advise on questions which, in the opinion of the Public Accounts Committee, needed expert examination. It seems, therefore, somewhat difficult to understand why, at this stage, political feeling should have been roused or political motives imputed for denouncing the appointment of this enquiry committee.

**Mr. Deputy President (Mr. Akhil Chandra Datta):** The question is:

"That the demand under the head 'Railway Board' be reduced by Re. 1."

The motion was adopted.

*Taking over the Management of the B. and N. W., R. and K. and M. and S. M. Railways under State Control.*

**Mr. Mohan Lal Saksena** (Lucknow Division: Non-Muhammadan Rural): Sir, I move:

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

By this motion, I want to bring to the notice of the House another instance of flagrant defiance of public opinion by the Government. During the last two years, Messrs. Sircar and Co., of the Government of India, have earned a reputation for defiance of public opinion and of the decisions of this House, even though to these decisions their predecessors in office were willing parties, even though those decisions were

not carried in the teeth of Government opposition, but were arrived at with the consent of the Government Members themselves. Sir, not only have they defied the decisions of the House which were carried against the opposition of the Government, but they have also found devices to get round the verdict of the House regarding Ottawa Pact which was binding upon the Government of India. So far as this question is concerned, this was discussed in this House on the 4th and the 11th February last year, and all the *pros and cons* of taking over of these railways were discussed. The Honourable Member for Railways placed his case before this House, and, after considering all the arguments advanced by him, this House passed practically an unanimous Resolution favouring the acquiring of these railways and giving notice of termination of the contract on the 31st December, 1936. Even during Simla Session, when enquiries were made of the Honourable the Railway Member, he said that the question was under consideration, but, after that, when the Session was over, Government decided not to take over these railways, and, from the newspaper report of a speech of the Railway Member in the other House, I find that the reasons were financial. We find from the revised estimate of the B. and N. W. Railway that the profits in this railway for 1935-36 were 32 lakhs 31 thousand, for 1936-37 the profits were 42 lakhs 10 thousand, and for 1937-38 the estimated profits are 41 lakhs. So, if anything, the profits have gone up by ten lakhs at least. Still the Railway Member says that due to financial reasons, it was not considered advisable to take over these railways.

**Sir Raghavendra Rau** (Financial Commissioner, Railways): May I know what my Honourable friend is reading from?

**Mr. Mohan Lal Saksena**: Revised estimates for 1936-37 for the B. and N. W. Ry., page 3.

**Sir Raghavendra Rau**: That refers to the Tirhut Railway which is already owned by the Government and is worked by the B. and N. W. Ry.

**Mr. Mohan Lal Saksena**: It is all the greater reason when Government are earning a profit, why should it go to the shareholders of a private company in the shape of dividends. The profits have gone up under the Company management. Who pockets the profits?

**Sir Raghavendra Rau**: Government are pocketing the profits. The share of the surplus profits paid to the Company is about five or six lines from the bottom of this page; it is two lakhs.

**Pandit Govind Ballabh Pant**: Who is in charge of the administration there?

**Sir Raghavendra Rau**: The administration is carried on by the B. and N. W. Ry. which manages both this line and their own section of the line.

**The Honourable Sir Muhammad Zafrullah Khan**: Who pockets the profits was the question, and the answer was the Government.

**Mr. Mohan Lal Saksena:** May I know if the profits have gone up even during the Company management? Since the discussion we had in the House, the profits have gone up. So what I was submitting was that, if anything, since the discussion we had in this House, the situation has improved, and even on financial grounds there was no reason for not taking over these railways. Sir, this question has had a history behind it. We know that Resolutions were passed by the Bihar Legislative Council and the United Provinces Council recommending to the Government of India to take over the management and proprietorship of these railways. Then, there was a Resolution in the Assembly, and then a Committee was appointed by the Government. The Honourable Member in charge of Railways was then a European and not an Indian. He went into this question and he favoured the acquiring of these railways. But he was handicapped because of difficulty in raising a loan at that time. Now, we find that during the discussion this question was raised, and the Commerce Member was definitely asked whether they would consult the House after collecting the data. This question was put to the Honourable Member more than once by the Mover, by Sir Cowasji Jehangir, and by one other Member; and still the Honourable Member did not feel sure of his ground and he did not promise even to take this House into his confidence. If the Honourable Member was so sure of his ground that it was for financial reasons that Government were not going to take over the management and ownership of these railways, then it was up to the Honourable Member to have come before this House and placed all the facts and figures relevant to the question, and, I am sure, the House on those facts and figures would have accepted the recommendation of Government. By why this secrecy about facts? Up till the Simla Session, the Honourable Member was all the time saying that these facts and figures were being collected and considered, and that Government had not come to any definite decision. But, after the Assembly was over, as in regard to his Department certain other decisions were taken, a decision was also taken that these railways would not be acquired.

**The Honourable Sir Muhammad Zafrullah Khan:** Which other decision is the Honourable Member referring to?

**Mr. Mohan Lal Saksena:** I am referring to the Ottawa Pact.

**The Honourable Sir Muhammad Zafrullah Khan:** That decision was not taken after the Session. It was communicated to the House during the Session.

**Mr. Mohan Lal Saksena:** It was not communicated to the House when the Assembly was sitting in Simla.

**The Honourable Sir Muhammad Zafrullah Khan:** Yes, it was. Mr. Satyanurti put me a question, and, in answer to that question, I gave the House particulars of the arrangement that had been arrived at. I believe it was on the 19th September, but I am not sure of the date.

**Mr. Mohan Lal Saksena:** I am sure, it was not announced to the House. As a matter of fact, we got it in the papers.

**The Honourable Sir Muhammad Zafrullah Khan:** Indeed it was communicated on the floor of the House in answer to a question by Mr. Satyamurti. The communiqué might have been issued later; that does not matter. But the question was put to me, and I gave the House full information concerning the arrangement that had been arrived at. As a matter of fact, there was a long list of supplementaries on my reply.

**Mr. Mohan Lal Saksena:** So far as my memory helps me, I think it was not announced.

**Mr. F. E. James (Madras: European):** It was announced.

**The Honourable Sir Muhammad Zafrullah Khan:** It is possible that the Honourable Member may not have been in the House that morning or at that time, but I do assure him that Mr. Satyamurti put a question on the matter and I gave a full reply.

**Mr. Mohan Lal Saksena:** As Mr. Satyamurti is here, will he . . .

**Mr. Deputy President (Mr. Akhil Chandra Datta):** The Chair does not think the Honourable Member can pursue it further. There is a clear statement made by the Railway Member that he himself announced it.

**Mr. Mohan Lal Saksena:** I accept it. Anyway, that is not the only thing. So I say that if the Honourable Member is so sure of his ground that it is only for financial reasons and no other that Government are not terminating the management of these railways by these Companies, it was only fair, as was done by his predecessor, Sir George Rainy, to have placed all the facts and figures before this House. Or if this House was not sitting, he could have appointed a Committee or he could have taken the Leaders of different Parties into his confidence; and, I am sure, some such thing was due to this House when Government took such an important decision, specially when in his own speech he had said in February last:

“ I think the House has very clearly expressed its view.”

So there was no doubt or ambiguity about the views of this House. He placed all the facts in favour and against taking over the management, and, after that, two or three speakers replied to his argument, and the House recorded its decision that these lines should be taken over. I think this summary way of coming to this important decision should not have been adopted by the Commerce Member, specially when the working and management of these lines affect the lives and property of such a large number of our countrymen, and there is such a volume of public opinion against the management.

Then, there is another thing. In his speech, the Honourable Member had said that one reason why they were feeling a little nervous about taking over the management of these railways was that the Statutory Railway Authority was going to be formed.

[At this stage, Mr. President (The Honourable Sir Abdur Rahim) resumed the Chair.]

—[Mr. Mohan Lal Saksena.]

He said that he did not feel safe in taking over the management as that authority will be new to its task. Even then it was pointed out by speakers on this side of the House that this itself was a reason why these lines should be taken over by Government. We know that when the Statutory Railway Authority comes into being,—though we hope it will not,—this side of the House or the representatives of the people will have very little say in the matter; and, therefore, this was the most opportune time when these lines should have been acquired, having regard to the financial conditions obtaining now when we can raise loans at very low rates and when there is so much money available in the market, and, moreover, when the opinion of this House was so emphatically recorded.

One thing more which occurs to me is that these railway lines have been spending very little on conveniences and facilities of passengers and also on the education of the children of their employees. In reply to a question which I put to the Honourable Member, it was stated that the Bengal and North Western Railway, which is giving a dividend of 19 per cent. and 16 per cent. to its shareholders, is spending only Rs. 5,480 on the education of Anglo-Indians and Rs. 3,477 on the education of Indians; and we know there are thousands of employees. (Vol. I, page 80.) I have not got any figures for the R. and K. Railway or the M. and S. M. Railway. That is, you are spending a total of 8,000 or 9,000 . . . .

**An Honourable Member:** Hopelessly inadequate.

**Mr. Mohan Lal Saksena:** So I say—while the company have been giving dividends to the extent of 16 to 19 per cent, during the last five years. Then, also, it was argued on the last occasion by the Honourable the Commerce Member that if the State were to take over the management of these railways, the expenditure was bound to go up, and then it was pointed out to him that if the expenditure was bound to go up, the income also was bound to go up, because we know on these railways there is a lot of bribery and corruption prevailing, and Dr. Ziauddin Ahmad also cited an instance of one station master who was drawing Rs. 100 as pay, but was supposed to earn more than Rs. 2,000 or Rs. 3,000 a month. Similarly, another instance was cited by Pandit Govind Ballabh Pant that he had himself seen persons travelling without tickets being given tickets from the station just before their destination and the balance of the cost of the ticket was pocketed by the guards or the ticket collectors whoever they were. Every one, who has anything to do with these railways, knows that there is a lot of corruption and bribery going on in these railways. Whether we take it from the point of view of the public or the point of view of the Government, it was only in the fitness of things to have taken over the management of these railways, when the demand for taking them over has been such a long standing demand and it has been reinforced again and again by questions, interpellations and Resolutions passed by the Councils and by the Assembly.....

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member has two minutes more.



**Mr. Mohan Lal Sarsena:** Lastly, I have to urge upon the Government that they may go on defying the wishes of this House and they may feel secure in their present position for the time being. But let them remember and profit by the experience of their allies and agents in the provinces that defiance of public opinion is not going to continue for long, that the day of judgment is not far, and they will have to render an account of their stewardship. So I would urge upon the House, in view of the decision, the practically unanimous decision of this House in February last, in view of the Resolution passed in 1931, in view of the recommendation of the Committee and in view of the public opinion outside, that we must pass this motion and censure the Government for not having accepted the public demand for acquiring and taking over the management of these railways.

**Mr. President** (The Honourable Sir Abdur Rahim): Cut motion moved:

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

**Prof. N. G. Ranga** (Guntur *cum* Nellore: Non-Muhammadan Rural): Sir, it is not a surprise to us to find that the Government have failed to implement another Resolution of this Assembly in regard to this matter. It has become almost a habit with this Government to do their best not to implement any Resolution of this House and to try to give room for as much complaint to the masses of this country against themselves as possible. We were told only last year by the Honourable the Commerce Member that he was really conscious of the keen desire felt by the people in different provinces affected by these railways, for State management, and yet he went out of his way to give further extension and a further lease of power to these most unpopular Companies which have been managing these railways and thus caused dissatisfaction amongst the people of this country. It is easy for people to say that there is very little difference in actual practice between Company-managed railways and State-managed railways; and, in support of that, they may refer us to pages 97 and 98 of the report of the Railway Board and say that through the Secretary of State they can try to control these Company-managed railways and see that they give satisfaction to the third class travellers as well as others in this country. But, in actual practice, we find that these Company-managed railways have never tried to give any satisfaction to any section of the people in this country except to the foreigners and a few others who are their allies. We want State management, not only because we are anxious for lower fares and lower freights, but also because we are anxious for quicker Indianisation and better service on the railways and also more economies in the management of the railways. We were told that simply because the South Indian Railway could not be had for a few years more, the Government of India were obliged to give a further extension for these few years to the Madras and Southern Mahratta Railway in order that they may be able to have these two railways together at one and the same time, and thus to bring about the amalgamation and effect economies. But their own report states that the Secretary of State has power to enter into agreements:

"on reasonable terms and conditions with the administrations of adjoining railways for the exercise of running powers, for the supply to one another of surplus rolling stock, for the interchange of traffic and rolling stock and the settlement of through rates and for reductions and alterations to existing accommodation in junctions or other stations with a view to their convenient mutual use."

[Prof. N. G. Ranga.]

In view of this, I do not know why Government have not found it possible to take over the management of the Madras and Southern Mahratta Railway first and then get into negotiations with the South Indian Railway and achieve the necessary telescopic rates and also effect the necessary improvements and economies which can be had through amalgamation. Evidently Government wanted not to take over the Madras and Southern Mahratta Railway, because they wanted to confer another favour upon this English Company.

One might wonder what special advantage English people can derive by having the management of these railways under their own Company. But if only one looks at the statistics provided in the Explanatory Memorandum of the railway budget, we shall find the reason for it. We find that whereas in State-managed railways there has been quickened Indianisation of services, on the Company-managed railways, it has been very very slow indeed; and whereas the Indian officers are nearly as many as the European officers in the State-managed railways, on the Madras and Southern Mahratta Railway they are not even half as many as the European officers. This is only one of the many advantages that the Britishers derive today by Company-management over our railways. In addition to that, they are able to get their own tenders accepted by these Agents of the Company-managed railways. Sir, the Stores Department as well as the Railway Board have not succeeded so far to any great extent to prevail upon the Agents of Company-managed railways to place their orders with the Stores Department and thus get Indian stores supplied to those railways. In that way also, British industry is helped in an indirect fashion by the Company-managed railways, and for that reason as well we wanted that the State should take over the management of these railways from Companies; but we are told that we cannot have it for some more years to come.

Then, again, Sir, in regard to labour problems, the Government of India themselves recently had a bitter experience with the Agent of a Company-managed railway. They have seen how difficult it is to settle labour disputes when they could not control the railway management themselves and when they entrusted it to Company-management. Wherever there is this dyarchical control over the railways, it is always very difficult to settle these labour disputes whenever they arise. In fact, it has been found during the last ten years that labour is more contented under State-managed railways than under Company-managed railways, and labour disputes came to be settled much more easily and with less disastrous results than under Company-managed railways, yet Government somehow hug this cancer of Company-management. Sir, Sir Charles Innes, once Commerce Member, himself admitted that "logically it is difficult to defend the existing system of Company-management in India". He stated this a long time ago, and yet we are told we should get on with Company-management. I suspect a good number of Members of the Executive Council are themselves partial to Company management. They seem to be under the impression that Company-management is more efficient than State-management, but it is the people of India who ought to say whether they want State or Company management. The people of India have again and again declared their willingness to have State-management, they have again and again shown their partiality for State-management, and

the rank and file of labour also want State-management in preference to Company-management. Then, Sir, the Acworth Committee has recommended that Company-management should be put an end to as soon as possible, and the Government of India have accepted that recommendation.

**Pandit Govind Ballabh Pant:** It has been the accepted policy.

**Prof. N. G. Ranga:** And as my friend, Pandit Pant, says that has been the accepted policy of the Government of India, and I do not know why they are trying now, in these devious ways, to make a departure from it, to baulk the masses of the satisfaction they wanted by having State-management on the B. N. and the M. & S. M. Railways.

Then, Sir, it is not as if we have got to purchase these railways. They are State-owned, and large amounts of capital has been invested on them. On the Bengal Nagpur Railway itself, as much as ten crores have been sunk; as much as 53½ crores have been invested in the Madras and Southern Mahratta Railway, and the Rohilkund and Kumaon Railway has absorbed about 2½ crores; the whole thing comes to about 65 crores. We have placed the whole of this capital at the disposal of these Companies to be managed, to be misused as they like, and we are told: "No, no, they cannot misuse this capital, they cannot waste any part of this capital, because the Secretary of State has got so many powers". I am afraid, Sir, in actual practice, the powers of the Secretary of State are really useless so far as protection of the Indian industries and labour interests are concerned, but they come in for good use only when British interests have to be safeguarded and when these companies have to be helped out of their difficulties.

Then, Sir, as regards the point made that they may not be able to find sufficient capital in the market, the Indian Merchants Chamber has given a very effective answer that there is plenty of money in the country which can be had even at 2½ per cent. I am told there is plenty of money in the country, and yet the Government of India did not care to tap the capital resources even of this country. They do not want even any change in the present situation, and that is why they have refused to accept the Resolution of this House and to implement it by transferring the management of these railways to the State itself. We are told, Sir, the State-managed railways are already in a very bad condition and they do not want to saddle themselves with any more railways. I really do not think they would have done so badly if Government had paid heed to the advice given to them on the floor of this House and taken over these railways, especially when these railways are paying very good dividends. Sir, the long and short of it is, this Government does not seem to be so very particular to see whether our railways pay well or not. They seem to be more anxious to see that somehow or other the British interests are protected adequately. In these days of unemployment and economic depression, if these two Companies were taken under State-control, the openings now existing for the English youth would be shut out, and it would be very difficult for the British people to get on and to exploit our capital market, and, therefore, Government have turned a deaf ear to our recommendation and have disregarded public opinion in this country by taking a most unsatisfactory and unjust decision to extend the time when again they will get an

[Prof. N. G. Ranga.]

opportunity to consider whether they should take over the management of these railways or not.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member has got only two minutes more.

**Prof. N. G. Ranga:** Therefore, Sir, I support this motion, and I hope this House will agree with us that the Government should be censured on this question, and thus express the strong feelings felt by the public in the country against the action of Government.

**Sir Abdul Halim Ghuznavi:** Sir, I oppose this motion. In the first place, the Honourable the Mover of this cut is not fully aware of the position of the Bengal and North Western Railway. He said that large dividends were being declared, that a very big dividend has been declared this year, and why, in the face of it, the Government do not take over this railway and make that profit themselves. That contention is not based on facts. If I remember correctly, the capital of the Bengal and North Western Railway is divided into different categories. Firstly, the capital is a debenture loan. At a very nominal rate of interest, debentures were floated in England. They have got, then, preference shares, I believe, four per cent. preference shares, and then they have got ordinary capital, very small ordinary capital, on which they pay a really high dividend. As soon as the Government will take over this railway, they will have to pay the debentures, the preference shareholders and the ordinary shareholders. Therefore, the moment Government take over this railway, they will have to find a very huge sum to pay off these, and that will reduce the profit of the Government immediately, because there will be no longer preference shares, no longer debentures with a small rate of interest. . . . .

**Mr. N. M. Joshi:** What is the rate of interest?

**Sir Abdul Halim Ghuznavi:** The debenture interest is, I believe, three per cent.

**Mr. N. M. Joshi:** We can get money at three per cent.

**The Honourable Sir Muhammad Zafrullah Khan:** You cannot get money at three per cent.

**Sir Abdul Halim Ghuznavi:** The point is that Government are not going to make a profit if they buy this railway, that is what I am saying.

**Mr. K. Santhanam** (Tanjore *cum* Trichinopoly Non-Muhammadan Rural): If the State takes up the railway, where will that profit go?

**Sir Abdul Halim Ghuznavi:** The State will make no profit at all.

**An Honourable Member:** Why not?

**Sir Abdul Halim Ghuznavi:** The point is you . . . . .

(Interruptions.)

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member had better address the Chair. He need not take notice of these interruptions.

**Sir Abdul Halim Ghuznavi:** The point is that Company-management is always efficient management.

**Mr. N. M. Joshi:** No.

**Sir Abdul Halim Ghuznavi:** Mr. Joshi says, no. I say, Yes. Government are responsible to this irresponsible House.

**Mr. S. Satyamurti:** On a point of order, Sir. My Honourable friend cannot call this House an irresponsible House. It is an aspersion on the House.

**Sir Abdul Halim Ghuznavi:** I withdraw that. Government are responsible to this House which cannot enforce its decrees, that is what I mean. Therefore, they do not care how they manage their affairs. Take, for instance, a Company-managed railway. They are responsible to the shareholders. The Directors are responsible to the shareholders, and the servants and staff of the Company are responsible to the Directors. The moment they find that the servants and staff are not doing what they should do they will be asked to clear out, whereas here they do not do so and they cannot do so. The moment the Company will not make a profit, the shareholders will take the Directors to task, so that the latter will be compelled to run the concern in a commercial way and have a dividend declared. But, how can you enforce that in a State-managed railway? You cannot. Another difficulty about State-managed railways. As soon as it becomes a State-managed railway, we, Members here, will come, day in and day out, and ask the management through the Government to have this thing put right, that thing put right, 200 fans provided, and so on, and make it an expensive job and not to have it run in a commercial way. The Members say, it does not matter, you must do this thing, raise the platforms, give decent chairs, and in that way the railway cannot be run in a commercial manner.

**Prof. N. G. Ranga:** That is why you have road-rail competition.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member had better address the Chair and not take notice of the interruption.

**Sir Abdul Halim Ghuznavi:** If you permit me, I will give him an answer. Because the railways are existing, that is the reason why motors are making money, otherwise not. I will give an instance. When rail-motors used to be run between Siliguri and Darjeeling, we used to get a motor car for Rs. 10 or Rs. 15. But the Railway Administration has stopped running a rail motor, with the result that the charge for motor

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cars is Rs. 30 or Rs. 35 instead of Rs. 10 or Rs. 15, because there is no competition. I shall deal with the subject in detail when the cut relating to road-rail motor comes up.

Then, it has been said, money is cheap, and why should you not acquire these railways? Money cannot be had for 2½ or 2½ per cent. If money is so cheap, then, instead of acquiring these railways, which are running efficiently and are serving certain areas, the Government should open up new lines. Don't disturb the lines that are running efficiently, but open up new areas. Why should you go and put money in a concern where, if there is loss, it will be borne by the shareholders and not by the taxpayers? Add new lines and not go and acquire lines which are already running efficiently. Then, the fares on the Bengal and North Western Railway are the cheapest, the lowest.

**Lieut.-Colonel Sir Henry Gidney:** I am told they are the worst-paid, have the worst carriages, and you can walk faster than some of the trains.

**Sir Abdul Halim Ghuznavi:** The third class fare, compared with any other railway, whether State-managed or Company-managed, is the lowest. I speak subject to correction, my Honourable friend, Sir Raghavendra Rau will correct me. I think their fare is the cheapest.

**Sir Raghavendra Rau:** Yes.

**Sir Abdul Halim Ghuznavi:** Whatever it is, it is the cheapest, compared with the other railways.

**An Honourable Member:** Most inefficient.

**Mr. Sri Prakasa** (Allahabad and Jhansi Divisions: Non-Muhammadian Rural): Most uncomfortable too.

**Sir Abdul Halim Ghuznavi:** What are the comforts that my Honourable friend wants? Air-conditioned coaches. . . .

**Mr. Sri Prakasa:** You travel third and then see.

**Mr. President** (The Honourable Sir Abdur Rahim): Let the Honourable Member go on with his speech uninterrupted. He has two minutes more.

**Sir Abdul Halim Ghuznavi:** Their fare is the cheapest, their carriages, as far as I have seen, . . . .

**Mr. Sri Prakasa:** . . . . are the smallest. (Laughter.)

**Sir Abdul Halim Ghuznavi:** That is better than having a bigger carriage and getting it overcrowded. As regards the Madras and Southern Mahratta Railway, I am not aware of the details of their capital and how they are divided, but when there was a Conference of the different Railway Agents, the Agent of the Madras and Southern Mahratta Railway said that they had also very small ordinary capital and that the capital was raised by debentures and preference shares. There, again, if you acquire, you will have to pay up and there will be no profit. With these observations, I oppose this motion.

**Mr. B. B. Varma (Muzaffarpur cum Champaran: Non-Muhammadan):**

4 P.M. Sir, last year, during the budget discussion, a Resolution was moved that immediate steps be taken to take over the control of the Bengal and North Western Railway and the Madras and Southern Mahratta Railway from the present lessees and further not to extend the contracts which expire in the year 1937. The Resolution was discussed at great length and was passed.

I need scarcely recall that the policy of State management of railways has long been accepted by the Government of India following upon the report of the Ackworth Committee, which was appointed by the Government of India in response to insistent public opinion in 1921. The Committee, by a majority, recommended the policy of State management, and, in February, 1923, and, later on, on the 20th September, 1924, the Legislative Assembly by Resolutions endorsed that policy which has been demanded by public opinion for quite a long time. In pursuance of this decision, the Government took over the management of the East Indian Railway and the Great Indian Peninsula Railway, and, on general admission, the change has been for the better. Now, in regard to no railway system has the demand for State management been more insistent than in respect of the Bengal and North Western Railway and the Rohilkund and Kumaon Railway, whose management, in spite of tardy improvements effected during recent years, continues to be the despair of the travelling public and commercial public.

The contract with the Bengal and North Western Railway and the Rohilkund and Kumaon Railway should have expired on the 31st December, 1932. The Government appointed a Committee in 1931 to consider what action should be taken when the contract expired, and the Committee, after taking note of strong public opinion on the subject of State management of the Bengal and North Western Railway as evidenced by the Resolutions adopted by the Bihar and United Provinces Legislative Councils in favour of termination of the contract, recommended the renewal of the option, because of the very practical difficulty pointed out by the then Finance Member that, in the then prevailing conditions, it was impossible to raise the required amount of £12 million. Sir, the money market was very cheap in recent years, and it was easy to raise the required amount. I am perfectly certain the required amount could be raised in India itself on a cheap rate as it is well known that the Bengal and North Western Railway and the Rohilkund and Kumaon Railway are both highly remunerative lines. Only during this month an ordinary general meeting of the Bengal and North Western Railway Co., Ltd. was held in London, and a dividend of 18 per cent. was declared. The Managing Director of the Company reported to the meeting that the gross earning of the joint undertaking amounted to just over 3.70 lakhs of rupees, being only one lakh short of the record year of 1927, an increase over last year of over 23 lakhs. On the Company's line, the gross earning increased by Rs. 14 lakhs, and, on the Tirhut line, by Rs. 9 lakhs.

We thought, Sir, under such favourable circumstances, the Government would take notice of the great volume of public discontent that exists on the subject of the management of this Company and would pay heed to the universal protest against the intolerable hardships and inconveniences suffered by the travelling public. The conditions of service for the employees on this railway are hopelessly unsatisfactory as the ill-paid men find it difficult to eke out a miserable existence on the pittance they

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receive. We, therefore, were hoping against hope that the Government would not flout the public opinion this time over which they have been insisting for a long time and renew the contract.

The condition of workers cannot be discussed on the floor of the Assembly as many questions, I have put in, have been disallowed on the ground that it is a Company-managed railway, and hence not the concern of the Governor General in Council. There is no independent authority where the workers of these railways can get any redress of their grievances. We, therefore, prefer that if a railway is a State-managed concern, we can have greater hold than when it is Company-managed. Comparing the wages, hours of work, quarters and treatment of the Bengal and North Western Railway with that of the State-managed railway, one finds them to be deplorable. Many, who have put in years of service, have not yet been confirmed and still are on temporary basis. They lose all the advantages of provident fund, bonus and gratuity. Their lot, Sir, is indeed very pitiable.

Their rates and freight are based neither on any equitable basis nor on mileage. It is all arbitrary. For instance, I was going through certain papers sent to me by certain sugar mills and found the freight charged was based on no principle. From Mairwa to Mokameh Ghat, the distance is 148 miles, and the charge per maund of sugar is 0-5-8, and the distance from Majhulia to Mokameh Ghat is 141 miles, and the charge is 0-6-2. Sitalpur to Mokameh Ghat is 75 miles, and the charge is 0-3-11. Tarsarai to Mokameh Ghat is 71 miles, and the charge is four annas. Tahsildeoria to Mokameh Ghat is 178 miles, and the charge is 0-6-5. Tamlohi Road to Mokameh Ghat is 175 miles and the charge is 0-6-8. Gauri-Bazar to Mokameh Ghat is 187 miles, and the charge is 0-6-9. Harinagar to Mokameh Ghat is 180 miles, and the charge is 0-7-1.

This House was quite justified, therefore, in passing the Resolution to take over the control, and the failure of the Government to do so deserves severe condemnation.

We want, therefore, an unqualified assurance from the Government that, at the earliest possible moment, the lease would be terminated. In the meantime, the Government should assure the House that there would be a thorough examination of the conditions of service of the staff and bring them in a line with the adjacent State-managed Railways. Similarly, there should be a thorough inquiry regarding the convenience of passengers. If these things are not taken care of by the Company, efforts should be made to terminate the contract immediately. I feel that, if India had responsible Government in the real sense, repeated Resolutions of the Assembly on this matter should have had immediate response, the refusal of which would have turned the Ministry out of office. I do hope that my observations will be given serious consideration and something tangible will be done in this behalf. I have heard again from my own constituency that there is a strong feeling there that this railway must be taken under the control of the Government. Sir, I have done.

**The Honourable Sir Muhammad Zafrullah Khan:** Sir, a grievance has been made that in spite of the fact that this House clearly expressed a desire that these two systems, the Madras and Southern Mahratta Railway and the Bengal and North Western Railway, in which I include the



Rohilkund and Kumaon Railway, should be taken under State management. Government have postponed the final decision in the matter in the one case by five years, and, in the other case, by eight years. Some stress was laid on the fact that this matter was not decided upon last year, and that, therefore, in some manner Government were a party to the decision. I made it perfectly clear on that occasion that Government would take into consideration everything that Honourable Members had said, and I pointed out that Government had taken no decision in the matter, that they were collecting material and that they would arrive at a decision on the whole material when collected.

**Mr. Mohan Lal Saksena:** On a point of personal explanation. I did not refer to the Resolution of 1931. I was referring to the Resolution brought forward by Sir George Rainy himself.

**Pandit Govind Ballabh Pant:** The present Finance Member has probably turned down that policy.

**The Honourable Sir Muhammad Zafrullah Khan:** Sir, I am glad to find that whenever this matter is discussed, the Honourable Members are anxious to pay at least indirect compliments to State management. The moment the discussion of one matter is concluded and another is taken up, State-management becomes a very desirable thing in the eyes of Honourable Members.

**Mr. N. M. Joshi:** A lesser evil.

**The Honourable Sir Muhammad Zafrullah Khan:** Mr. Joshi has no reason to say that because he said last year and another Honourable Member has said this year that the conditions under which labour works on State-managed railways are very much better than the conditions under which they work on Company-managed railways,—as a matter of fact, it was said that labour had very little to complain of under State management. . . .

**Mr. N. M. Joshi:** No, no; I said it was the lesser evil.

**The Honourable Sir Muhammad Zafrullah Khan:** . . . and that if there was any trouble, it was very quickly resolved. The fact is that Government had arrived at no decision whatsoever when the matter was discussed last year. They did collect all the material and they considered the matter from every point of view. There was a great deal to be said on both sides. None of the factors that Honourable Members pressed upon the attention of Government were overlooked. Government's decision, as Honourable Members have seen, has been to postpone this matter for five years with regard to the Bengal and North Western Railway and for eight years with regard to the Madras and Southern Mahratta Railway, but that is not the whole decision. I am afraid, Honourable Members have not applied their minds with regard to the Madras and Southern Mahratta Railway, to the modification of the agreement that has been secured. Let me take up the question of the Bengal and North Western Railway first as on all occasions when the question has been discussed Honourable Members have been keenest with regard to that particular system. I understood that their anxiety was due mostly, so far as this

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particular system is concerned, to the lack of amenities and facilities on this railway with regard to accommodation and the running of trains, and that that was why they were anxious that this railway should be acquired by the State.

**Pandit Govind Ballabh Pant:** And also because it is a profitable concern.

**The Honourable Sir Muhammad Zafrullah Khan:** Yes, also because they imagine that it would turn out to be, even under State management, a profitable concern. (*An Honourable Member:* "Why 'even'?" ) I said "even", not because I consider that State management is less efficient than Company management, but because the very factors which Honourable Members have been stressing are bound to result in higher working expenses and in a costlier administration. Honourable Members are convinced that there ought to be radical improvements in the facilities and services on the Bengal and North Western Railway,—that there ought to be better accommodation, better rolling stock, more facilities at railway stations, and better attention to the comfort of passengers.

**Prof. N. G. Ranga:** And greater safety for passengers.

**Pandit Govind Ballabh Pant:** And less of corruption.

**The Honourable Sir Muhammad Zafrullah Khan:** Now, all these things are going to cost money and are bound to add to the capital at charge, with the consequence that, with the same amount of earnings, the same rate of dividend could not be shown as a result of the working of this railway. After all, Honourable Members cannot go on saying that every possible improvement should be made after this railway is taken over under State management, and nevertheless assure Government that Government will continue to derive profits from the running of the system at the same rate at which the Company derives them, though, in this connection, I might draw attention to what has already been stressed by Sir Abdul Halim Ghuznavi, that only a very small portion, less than one-third of the capital of this railway is shareholders' stock; the rest is debenture stock at comparatively low rates of interest.

**Mr. S. Satyamurti:** What is the average?

**The Honourable Sir Muhammad Zafrullah Khan:** Some is at 3 per cent. some at 4 per cent., and some is at 5 per cent.

**Mr. S. Satyamurti:** Why pay 4 per cent. and 5 per cent.?

**The Honourable Sir Muhammad Zafrullah Khan:** If it could be guaranteed that earnings and working expenses would continue, respectively, at the levels at which they now are, there might be a good deal to say in support of the proposal to acquire this railway. There is, however, very little prospect of higher earnings though there are a large number of factors that would add considerably to the expenses, and when Government went into the matter, they found that it would be an extremely risky proposition to take over this railway. Honourable Members probably overlook another factor,—that it is not only the total capital at charge of this

railway that would have to be paid on acquisition. Under the terms of the contract, though the total capital at charge is just over ten crores, the total payment would have to be 13.8 crores, and that must also be taken into consideration when working out the rate of dividends or interest that might be earned. There are certain other general considerations which, though they are not decisive, had to be borne in mind. Interest rates are no doubt low at present. I do not say, that it would have been impossible to raise the amount required for the purchase of these railways. I am inclined to think that, under present conditions, it would be possible to raise the necessary amount, but the amount has to be raised towards the end of 1937, not in the beginning of 1937. There are factors already in the situation which indicate—I do not know to what extent they might still operate at the end of the year—that the rate of interest may not continue to be what it is at the beginning of the year. (An Honourable Member: "Will it be cheaper five years hence?") I cannot guarantee what the rate of interest would be five years hence. (Interruptions.)

**Mr. President** (The Honourable Sir Abdur Rahim): Let the Honourable Member go on. It is not fair that he should be thus interrupted.

**Mr. Mohan Lal Saksena**: I want to ask if, in the new agreement, . . .

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member is not giving way.

**The Honourable Sir Muhammad Zafrullah Khan**: I am quite sure, the Honourable Member is aware of what has or has not been altered in the new agreement, and, therefore, he was not seeking information, but was merely trying to counter my argument.

(Interruption by Mr. Mohan Lal Saksena.)

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member is not entitled to interrupt in that manner.

**The Honourable Sir Muhammad Zafrullah Khan**: Government have published the decision arrived at, and whatever is not in that decision has not been modified in any respect. I am quite sure, the Honourable Member knows what the conditions are. On the other hand, Government recognised that there were genuine complaints on the part of people who were using this system that they were not getting on this system the same amenities as they got on the State-managed railways and Government took up this matter and pressed upon those responsible for the actual administration of this railway the necessity of improvements in that respect. I am glad to be able to inform Honourable Members that a very favourable start has been made in the directions to which attention has been invited by Honourable Members in this connection. I have here a list hastily jotted down from reports sent up to me with regard to the improvements that have been set in train on this particular railway with regard to amenities and facilities. Honourable Members have often made a complaint of the fact that most of the passenger trains on this system, apart from Express trains, were mixed trains, and that a good deal of time was lost in shunting at various stations, so that the average speed of passenger trains was very low. I am now informed that mixed trains have been cut down to the very minimum and are confined, except in some exceptional cases, to small

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branches, and that all passenger trains are now being accelerated to the maximum of the speed permissible on metre gauge systems. Time-tables have been considerably improved.

**Pandit Govind Ballabh Pant:** Only they are never kept to; every train is two hours late.

**The Honourable Sir Muhammad Zafrullah Khan:** I hope not every train. At any rate, that is not my experience though I have not travelled very extensively on this railway.

**Mr. M. S. Aney:** You cannot have that experience.

**The Honourable Sir Muhammad Zafrullah Khan:** My experience relates to days when nobody imagined that I would be in charge of the Railways. Third class waiting sheds have been improved at Batauni junction, and several of them have been sanctioned to be built at other places, such as Samastipur, Sonapur, Chapra and various other places.

**Pandit Govind Ballabh Pant:** They are only sanctioned to be built.

**The Honourable Sir Muhammad Zafrullah Khan:** They are being undertaken, and they will be completed within two years. All six-wheeled carriages are being gradually replaced by bogeys. All carriages that go for rebuilds and all new stock are being provided with third class latrines, and the small number of carriages, that are left without latrines, are being used only upon small branch lines. Third class fares which were already very low on this system are being reduced still further. The minimum third class fare on this system was two pies per mile—2½ pies per mile for the first 50 miles, and two pies per mile thereafter. Above 350 miles, it has been further reduced from two to 1½ pies per mile. Electric light in third class carriages and latrines has been improved. Medical inspection of refreshments and food served to passengers has been arranged for, and I am told that already considerable improvement has been effected in this respect. It is proposed to apply the Hours of Work Convention to this railway during the course of the next year. I have said that Government were faced with regard to this railway with the problem that on the material that they had they found that its acquisition would not be a profitable investment on the financial side. On the other hand, they found that there was justification for a good many of the complaints that were being preferred. They have taken the matter up with regard to conveniences and amenities and have decided not to acquire this system at this stage. After all, the question has been postponed only for five years. A grievance has been made that Government are irresponsible and unresponsive in these matters. I do hope that when the next occasion for making a decision on this matter arrives, there will be a responsible government.

**Mr. S. Satyamurti:** The Statutory Railway Authority will be thoroughly irresponsible.

**The Honourable Sir Muhammad Zafrullah Khan:** The Statutory Federal Authority will run all these systems upon a commercial basis and will

not be influenced, as Honourable Members suspect the present Government are influenced, by political considerations.

**Mr. S. Satyamurti:** They will be worse than you.

**The Honourable Sir Muhammad Zafrullah Khan:** I now come to the question of the Madras and Southern Mahratta Railway. With regard to that railway, one factor which has always influenced the views of Honourable Members is that that railway should be acquired and should amalgamated with the South Indian Railway system. It might be quite feasible to amalgamate the metre gauge portions of the two systems. I pointed out on the last occasion that the main difficulty in the way of achieving that object was that the contracts of the two railways were not co-terminous. The contract of the Madras and Southern Mahratta Railway would fall in at the end of this year, and the contract of the South Indian Railway would not fall in till the end of 1945. It was not possible to acquire the one and amalgamate it with the other without acquiring the other also. The only way of acquiring both these railways was to acquire the South Indian Railway by treaty and that meant the payment of a bonus to the shareholders.

**Mr. S. Satyamurti:** Were any figures worked out?

**The Honourable Sir Muhammad Zafrullah Khan:** Yes, figures were worked out, and it was found that it would not be possible to purchase the system by treaty on any commercially reasonable or profitable basis. So, the position was that if Government were to acquire the Madras and Southern Mahratta Railway with a view to effecting economies as a result of amalgamation, they would have to run this system as a State-managed system for eight years before amalgamation could be brought about. On the other hand, the financial situation with regard to the Madras and Southern Mahratta Railway was not so full of risk as it was with regard to the Bengal and North Western Railway. It was possible that if this system were taken over, some profit might be made on the additional investment. That is to say, Government found that by investing five million pounds, they might be able to make a certain amount of profit. They have now arrived at an arrangement with the Company, as a result of which, without investing anything for the next five years, they have been able to secure to the State an advantage of from 15 to 20 lakhs of rupees a year. The agreement has been modified and, as the result of that modification, Government would make that additional profit out of this system. It appeared to Government that it was far better and more prudent to make this arrangement and to leave over the option for another occasion to be exercised if it appeared feasible to the Federal Railway Authority than to acquire the system right away. Advantage has also been taken to make the two contracts, the contract of the Madras and Southern Mahratta Railway and that of the South Indian Railway, co-terminous, so that if it is decided on the next occasion to acquire these two railways and to run them together as one system, it would be possible to do so. There would not be that difficulty that I pointed out last year.

**Prof. N. G. Ranga:** Will it not be more difficult to acquire them at the same time?

**The Honourable Sir Muhammad Zafrullah Khan:** No. One difficulty that was pointed out last time was that we would require a sum in the neighbourhood of 20 crores for the acquisition of these two systems, the Madras and Southern Mahratta Railway and the Bengal and North Western Railway, and there was an apprehension that the transmission of such a large sum of money from India to England in sterling might cause a certain amount of disturbance. That was not a decisive consideration, but it was a consideration to be taken note of. The position now is that the two contracts will not fall in at the same time. In 1942, if it is decided to acquire the Bengal and North Western Railway, the amount that would have to be transferred would be less by five millions than the amount that would have been required for these two systems at the end of this year. Now, Prof. Ranga says that you have linked the Madras and Southern Mahratta Railway and the South Indian Railway together, and you might then say that the amount required for the two is not easy to transmit. That is not so. The amount required for the purchase of the South Indian Railway is a very small amount compared with the two other systems. I believe it is between a million and a million and a half, so that the total amount required for the Madras and Southern Mahratta and the South Indian Railways would be six million or 6½ millions, a quite feasible proposition when the occasion arrives. My submission, therefore, is that Government are aware that as between the two systems of management—Company-managed system and State-managed system—Honourable Members prefer the State management of railways.

**Mr. S. Satyamurti:** What is the policy of Government?

**The Honourable Sir Muhammad Zafrullah Khan:** The policy of Government is surely indicated by what they have done in the past with regard to these matters.

**Mr. S. Satyamurti:** Is it State management?

**The Honourable Sir Muhammad Zafrullah Khan:** I would hesitate to commit to my own views on this matter those who may have to decide this question later on. After all, the character of the Government as well as the character of the authority managing these railways who will have to decide these matters will be different from the character of the present Government.

**An Honourable Member:** What is the present policy of the Government?

**The Honourable Sir Muhammad Zafrullah Khan:** The present policy of the Government is that if these two systems or any one of them had held out a sure prospect of financial gain, Government would have decided to acquire the system or systems. But there are so many elements of uncertainty in the situation, and the improvement that has recently taken place is of such a character that Government could not be sure of its continuance, and, therefore, they could not decide that it would be financially justifiable to acquire these railways. I shall conclude by saying that it may be that Honourable Members differ from the view that Government have taken, but Government were anxious that the financial position of the

railways should not in any way be worsened by any action that Government might take on this occasion, and they did not want to leave to the Federal Railway Authority a legacy which may be worse than it is otherwise likely to be.

**Mr. President** (The Honourable Sir Abdur Rahim): The question is:

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

The Assembly divided:

AYES—50.

Aaron, Mr. Samuel.  
Ahsan, Maulvi Muhammad.  
Ainey, Mr. M. S.  
Asaf Ali, Mr. M.  
Azhar Ali, Mr. Muhammad.  
Banerjee, Dr. P. N.  
Bhagavan Das, Dr.  
Chaliha, Mr. Kuladhar.  
Chattopadhyaya, Mr. Amarendra Nath.  
Chunder, Mr. N. C.  
Das, Mr. B.  
Das, Pandit Nilakantha.  
Datta, Mr. Akhil Chandra.  
Desai, Mr. Bhulabhai J.  
Essak Sait, Mr. H. A. Sathar H.  
Gadgil, Mr. N. V.  
Ghulam Bhik Nairang, Syed.  
Giri, Mr. V. V.  
Hans Raj, Raizada.  
Hosmani, Mr. S. K.  
Jedhe, Mr. K. M.  
Jehangir, Sir Cowasji.  
Joshi, Mr. N. M.  
Kailash Behari Lal, Bahu.  
Khan Sahib, Dr.

Maitra, Pandit Lakshmi Kanta.  
Malaviya, Pandit Krishna Kant.  
Mangal Singh, Sardar.  
Mudaliar, Mr. C. N. Muthuranga.  
Muhammad Ahmad Kazmi, Qazi.  
Nauman, Mr. Muhammad.  
Paliwal, Pandit Sri Krishna Dutta.  
Pant, Pandit Govind Ballabh.  
Raghubir Narayan Singh, Choudhri.  
Rajah, Rao Bahadur M. C.  
Raju, Mr. P. S. Kumaraswami.  
Ranga, Prof. N. G.  
Saksena, Mr. Mohan Lal.  
Santhanam, Mr. K.  
Satyamurti, Mr. S.  
Sham Lal, Mr.  
Shaukat Ali, Maulana.  
Sheodass Daga, Seth.  
Singh, Mr. Ram Narayan.  
Sinha, Mr. Anugrah Narayan.  
Sinha, Mr. Satya Narayan.  
Sinha, Mr. Shri Krishna.  
Som, Mr. Suryya Kumar.  
Sri Prakasa, Mr.  
Varma, Mr. B. B.

NOES—42.

Abdul Hamid, Khan Bahadur Sir.  
Ahmad Nawaz Khan, Major Nawab Sir.  
Aikman, Mr. A.  
Anderson, Mr. J. D.  
Bajpai, Sir Girja Shankar.  
Bansidhar, Rai Sahib.  
Bhide, Mr. V. S.  
Buss, Mr. L. C.  
Chanda, Mr. A. K.  
Chapman-Mortimer, Mr. T.  
Craik, The Honourable Sir Henry.  
Dalal, Dr. R. D.  
D'Souza, Mr. F.  
Ghuznavi, Sir Abdul Halim.  
Gidney, Lieut-Colonel Sir Henry.  
Griffiths, Mr. P. J.  
Grigg, The Honourable Sir James.  
Hudson, Sir Leslie.  
James, Mr. F. E.  
Jawahar Singh, Sardar Bahadur Sardar Sir.  
Lal Chand, Captain Rao Bahadur Chaudhri.  
Lalit Chand, Thakur.

Mehta, Mr. S. L.  
Menon, Mr. K. R.  
Metcalfe, Sir Aubrey.  
Mudie, Mr. R. F.  
Mukherjee, Rai Bahadur Sir Satya Charan.  
Nagarkar, Mr. C. B.  
Naydu, Diwan Bahadur B. V. Sri Hari Rao.  
Noyce, The Honourable Sir Frank.  
Rau, Sir Raghavendra.  
Roy, Mr. S. N.  
Sale, Mr. J. F.  
Scott, Mr. J. Ramsay.  
Sher Muhammad Khan, Captain Sardar Sir.  
Sircar, The Honourable Sir Nripendra.  
Slade, Mr. M.  
Thorne, Mr. J. A.  
Tottenham, Mr. G. R. F.  
Verma, Rai Sahib Hira Lal.  
Witherington, Mr. C. H.  
Zafarullah Khar, The Honourable Sir Muhammad.

The motion was adopted.

DEMAND No. 6-B—WORKING EXPENSES—MAINTENANCE AND SUPPLY OF  
LOCOMOTIVE POWER.

**The Honourable Sir Muhammad Zafrullah Khan:** Sir, I move:

"That a sum not exceeding Rs. 16,24,60,000, be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1938, in respect of 'Working Expenses—Maintenance and Supply of Locomotive Power'."

**Mr. President** (The Honourable Sir Abdur Rahim): Motion moved:

"That a sum not exceeding Rs. 16,24,60,000, be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1938, in respect of 'Working Expenses—Maintenance and Supply of Locomotive Power'."

*Construction of Locomotives in India.*

**Qazi Muhammad Ahmad Kazmi** (Meerut Division: Muhammadan Rural): Sir, I beg to move:

"That the demand under the head 'Working Expenses—Maintenance and Supply of Locomotive Power' be reduced by Rs. 100."

This motion is moved in order to discuss the failure of the Government of India to make arrangements for the construction of locomotives in India. Here, again, as in the previous case, we have got the complaint that the Government of India and the Treasury Benches have been paying no heed whatsoever to the Resolutions of this House. We passed a Resolution year before last, that is, the year 1935, and we are still in the same state. As a matter of fact, the question of locomotives is a very old one. I need not say that locomotives were invented in 1825 and were imported into this country as early as 1853. Often, when complaints are made on this side of the House that Government are moved by political considerations in the administration of railways, it is said that it is only a commercial business and it is conducted on commercial principles only. But if we only refer to the minutes of Lord Dalhousie, we find that from the very beginning these railways were started more from political motives than from commercial ones. Sir William Hunter, the biographer of Lord Dalhousie, says about railways:

"This was Lord Dalhousie's masterly idea—not only would he consolidate the newly annexed territories of India by his railways, and immensely increase the striking power of his military forces at every point of the Empire, but he would use a railway construction as a bait to bring British capital and enterprise to India on a scale which had never entered the imagination of any previous Governor-General."

Now, I will read the words of Lord Dalhousie himself. He says:

"The commercial and social advantages which India would derive from their establishment are, I truly believe, beyond all present calculation. Great tracts are teeming with produce they cannot dispose of. Others are scantily bearing what they would carry in abundance, if only it could be conveyed whither it is needed. England is calling aloud for the cotton which India does already produce in some degree, and would produce sufficient in quality, and plentiful in quantity, if only there were provided the fitting means of conveyance for it from distant plains to the several parts adopted for its shipment. Every increase of facilities for trade has been attained, as we have seen, with an increased demand for articles of European produce in the most distant markets of India."

Sir, whatever might have been the motive at that time, the Government Members continually say that the motive has changed and that the present Government is not guided by those motives. My point is that



even today the same motive continues, the only difference being that probably those persons were more frank and made admissions, because there was no one to criticise them. But today the criticism of public opinion has forced Government to take to fraud and say something which they really do not believe.

Sir, this question of the construction of engines and locomotives and railway materials was left absolutely uncared for till the Great War of 1914 came in. During the course of the War of 1914, Government realised that the safety of India, as well as the British Empire, lay in the industrial development of India and in the production of sufficient machinery in India itself. As early as 1915, one year after the beginning of the War, Lord Hardinge realised this fact and he submitted a Despatch to the Secretary of State in which he said:

"It is becoming increasingly clear that a definite and self-conscious policy of improving the industrial capabilities of India will have to be pursued after the war, unless she is to become more and more a dumping ground for the manufactures of foreign nations who will be competing the more keenly for markets, the more it becomes apparent that the political future of the larger nations depends on their economic position."

He ended by saying:

"After the war India will consider herself entitled to demand the utmost help which her Government can afford to enable her to take her place, so far as circumstances permit, as a manufacturing country."

So it was the War which woke up this Government to the fact that they must have industrialisation of India and they also must develop manufactures in India, and, for the first time after three-quarters of a century of the introduction of railways in India, we find that the Government on the 30th. September, 1921, issued a communiqué saying that they had decided to help manufacture of locomotives in India: the communiqué runs:

"In pursuance of their expressed policy of making India as far as possible independent of outside sources in the supply of materials for railways, the Government of India have had under consideration the question of the construction of locomotives in India and they are now in a position to give a general undertaking that tenders will be invited annually in India for all the railway locomotives and locomotive boilers required by the Government during the twelve years commencing with 1923 . . . ."

**Lieut.-Colonel Sir Henry Gidney:** What are you quoting from?

**The Honourable Sir Muhammad Zafrullah Khan:** I think the Honourable Member said that the Government had issued a communiqué that they had decided to manufacture locomotives in India?

**Qazi Muhammad Ahmad Kazmi:** No, no: they only invited tenders. There may be some mistake in my expression. I have quoted from the second part of the Tariff Board Report of 1924 on steel protection. Now, it was in 1921 that the Government definitely made the promise—an unequivocal promise—that they will be placing all their tenders for all their railway requirements of locomotives in India for 12 years from 1923; and the object they have stated is:

"in pursuance of their expressed policy of making India as far as possible independent of outside sources in the supply of materials for railways."

[Qazi Muhammad Ahmad Kazmi.]

The object was clear. It was not a commercial object, but a national object. The undertaking was not qualified by any "ifs" or "buts". They did not say "After the tenders from Indian firms are received, their prices will be compared with continental and English prices, and if we find that they are economical, we will place our orders with Indian firms". What they clearly say is that they undertake for the next twelve years, beginning from 1923, to place their orders for all their requirements of locomotives in India. It was in pursuance of that communiqué—though the other side may say that it was not fully in pursuance of that—still we know that there was no company in India manufacturing locomotives before or at the time when this communiqué was issued, and we know that the Peninsular Locomotive Works were opened at Tatanagar after the communiqué: the hope under which that firm was opened was clear, that it would supply all the requirements of locomotives of the Government in India. But, as is very well known, "there is many a slip between the cup and the lip". Some time elapsed before they could establish themselves in Tatanagar, and there were changes going on, unfortunately for India and for that Company in England at that time. Britain was suffering from the consequences of the War, and unemployment was assuming very serious proportions, so much so, that in 1922, the Under Secretary of State for India was charged by the Members of Parliament for having done nothing for the relief of unemployment in Britain. This factor has to be considered in the consequent behaviour of the Government of India with that firm. When that firm applied for protection—and I submit that we all know that Government, before they issue a communiqué, take into consideration almost all the factors and they must have known full well that a newly started manufacturing concern in India would not be able to quote prices which could economically compete with the prices of well-established and old firms in England and continental countries—it will have to be supported by the Government, and some concessions will have to be given and some protection to be granted. The firm applied for protection and the Government, in their usual manner, said: "We cannot say anything off-hand: we will hand over the matter to a Tariff Board". The matter was handed over to a Tariff Board and the Tariff Board, after taking evidence of Mr. Reed, came to the following conclusion: I will not read it out in full—I will give only a summary which I hope the other party will agree with—they came to the conclusion that the industry of locomotives was a very important one for the development of India; but they also said that the prices quoted or expected to be paid to this new firm would be higher than the prices that will have to be paid to outside firms, but they said that the extent of excess will not be more than the protection granted by Australia and Canada to their manufacturing firms. So what they said was that, as a matter of fact, the industry was an important one: as a matter of fact, the protection that the Government of India would be giving them would not be inconsistent with the protection that is given by other countries to locomotive industries in those countries. But there was a new factor that came in, and that factor was that there was not sufficient market in India for giving them sufficient help. This was an absolutely new thing: the firm wanted protection on the guarantee of a clear communiqué of the Government on the strength of which they had invested considerable sums of money: but when they came up and asked for protection, Government say: "Your prices are all right: it is a very important industry; but we are very sorry to say that the market is

very limited; and it is not proper for us to give you any support in this country". It was a novel argument that was advanced by the Tariff Board, and it was accepted by the Government, and the protection was not granted, and the locomotive factory was forced to turn into a wagon manufacturing factory. But we know that the chief buyers of wagons are also the State Railways, and we know very well what the relations are between persons who have a limited market only—when there is a limited number of buyers and a limited number of sellers. The firm was forced gradually to abandon even the manufacture of wagons and the Government purchased their workshop, assuring us, or at least holding out the hope that they will be using that shop for the construction of locomotives. But what have they done? According to their own admission, they utilised that workshop, not for purposes of making wagons even, but they started making underframes and underframes also, according to them, were found to give them some loss, and, therefore, they say that they had to abandon the plan. Briefly, I will say this: that in the beginning they estimated that a market of two thousand per annum was necessary. Then, according to their own admission, they said that the market for 50 was sufficient. Then, they say that they made calculations, based on 50 or 60, and they found that it would result in a loss to them. Then, they made another estimate and said that they would use it for manufacturing boilers; again they gave up the idea of using them even for boilers. Therefore, Sir, the Government of India, ever since they issued that communiqué, have been calculating and calculating, rejecting and accepting figures, and have been doing absolutely nothing in the matter. Last year, Sir, in the course of his reply, the Honourable the Railway Member said that the loss on boilers would be about 16 per cent. . . .

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member has got one minute more.

**Qazi Muhammad Ahmad Kazmi:** Very well, Sir, I shall presently conclude. He said that the loss on boiler would be about 16 per cent. Now, I ask, is the loss of 16 per cent. so big as to discourage us from undertaking the manufacture of such important things? Are you not giving protection to the extent of 50 and 60 per cent. to some industries? If so, for a national undertaking which is bound to develop and revolutionise the industry and life of this country, the Government ought to have made this sacrifice in a national spirit. Sir, there is not enough time for me to pursue this matter further, but I will only say that the Resolution which this Assembly accepted in 1935 is a clear indication of the will of this House, and effect should have been given to it, but unfortunately the attitude of the Government of India, as disclosed by the reply given last September to my friend, Mr. Mohan Lal Saksena, shows that the Government are doing absolutely nothing, and it is for this reason, Sir, that I move this cut motion.

**Mr. President** (The Honourable Sir Abdur Rahim): Cut motion moved:

"That the demand under the head 'Working Expenses—Maintenance and Supply of Locomotive Power' be reduced by Rs. 100."

This motion will be discussed tomorrow.

The Assembly then adjourned till Eleven of the Clock on Thursday, the 25th February, 1937.