

10th February 1937

**THE
LEGISLATIVE ASSEMBLY DEBATES**

(Official Report)

Volume I, 1937

(25th January to 19th February, 1937)

**FIFTH SESSION
OF THE
FIFTH LEGISLATIVE ASSEMBLY,
1937**



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M89LAD

Legislative Assembly.

President :

THE HONOURABLE SIR ABDUR RAHIM, K.C.S.I., KT.

Deputy President :

MR. AKHIL CHANDRA DATTA, M.L.A.

Panel of Chairmen :

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MR. S. SATYAMURTI, M.L.A.

SIR LESLIE HUDSON, KT., M.L.A.

SIR COWASJI JEHangIR, BART., K.C.I.E., O.B.E., M.L.A.

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MIAN MUHAMMAD RAFI, BAR.-AT-LAW.

Assistant of the Secretary :

RAI BAHADUR D. DUTT.

Marshal :

CAPTAIN HAJI SARDAR NUR AHMAD KHAN, M.C., I.O.M., I.A.

Committee on Petitions :

MR. AKHIL CHANDRA DATTA, M.L.A., *Chairman.*

SIR LESLIE HUDSON, KT., M.L.A.

SARDAR SANT SINGH, M.L.A.

MR. M. GHILASUDDIN, M.L.A.

MR. MATHURADAS VISSANJI, M.L.A.

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LEGISLATIVE ASSEMBLY.

Wednesday, 10th 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. Joseph Ernest Parkinson, M.L.A. (Government of India: Nominated Official).

MESSAGE FROM H. E. THE GOVERNOR GENERAL.

Mr. President (The Honourable Sir Abdur Rahim): I have received a Message from His Excellency the Viceroy and Governor General which runs as follows:

"In exercise of the powers conferred by rule 2 of the Indian Legislative Rules, I, Victor Alexander John, Marquess of Linlithgow, hereby appoint the Honourable Sir Muhammad Zafrullah Khan to perform the functions assigned to the Finance Member under rule 46 of the said Rules on the occasion of the General discussion appointed for Friday, the 19th February, 1937, on the statement of the estimated annual expenditure and revenue of the Governor General in Council in respect of Railways.

(Sd.) LINLITHGOW,
Viceroy and Governor General"

New Delhi :

The 5th February, 1937.

ELECTION OF MEMBERS TO THE STANDING COMMITTEE ON EMIGRATION.

Sir Girja Shankar Bajpai (Secretary, Department of Education, Health and Lands): Sir, I beg to move:

"That this Assembly do proceed to elect, in such manner as the Honourable the President may direct eight non-official Members to serve on the Standing Committee on Emigration."

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

"That this Assembly do proceed to elect, in such manner as the Honourable the President may direct eight non-official Members to serve on the Standing Committee on Emigration."

The motion was adopted.

Mr. President (The Honourable Sir Abdur Rahim): I may inform Honourable Members that the election of Members for the Standing Committee on Emigration will be conducted in accordance with the principle of proportional representation by means of the single transferable vote. The dates for receiving nominations and for holding election, if necessary, for the Committee will be announced later.

THE REPEALING AND AMENDING BILL.

The Honourable Sir Nripendra Sircar (Law Member): Sir, I beg to move for leave to introduce a Bill to amend certain enactments and to repeal certain other enactments.

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

"That leave be given to introduce a Bill to amend certain enactments and to repeal certain other enactments."

The motion was adopted.

The Honourable Sir Nripendra Sircar: Sir, I introduce the Bill.

THE WORKMEN'S COMPENSATION (AMENDMENT) BILL.

The Honourable Sir Frank Noyce (Member for Industries and Labour): Sir, I beg to move for leave to introduce a Bill further to amend the Workmen's Compensation Act, 1923, for a certain purpose.

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

"That leave be given to introduce a Bill further to amend the Workmen's Compensation Act, 1923, for a certain purpose."

The motion was adopted.

The Honourable Sir Frank Noyce: Sir, I introduce the Bill.

RESOLUTION *RE* CREATION OF A SEPARATE ROAD FUND FOR THE PURPOSES OF ROAD DEVELOPMENT.

Mr. President (The Honourable Sir Abdur Rahim): As regards the Resolution which is going to be moved by Sir Frank Noyce, the Chair has thought over the procedure that ought to be followed. Having regard to the nature of the Resolution, it is likely to raise more than one issue. The best course would perhaps be that, after the Resolution has been moved, there will be a general discussion on the Resolution, and, thereafter, amendments will be moved one after another.

Mr. F. E. James (Madras: European): Do I understand, Sir, that the amendments will be moved and disposed of separately, so that each amendment may be discussed?

Mr. President (The Honourable Sir Abdur Rahim): Yes, but, when discussing the amendments, the speeches of Honourable Members must be confined to the amendments in order to avoid repetition; there will be no vote taken on the Resolution after the general discussion, but the vote will be taken on the amendments and afterwards on the Resolution.

Mr. T. Chapman-Mortimer (Bengal: European): Will an Honourable Member be allowed to speak more than once?

Mr. President (The Honourable Sir Abdur Rahim): On the Resolution generally any Honourable Member can take part, and those who speak on the amendments will have to confine themselves to the amendments.

The Honourable Sir Frank Noyce (Member for Industries and Labour): Sir, I beg to move the following Resolution:

"That in supersession of the Resolution adopted by this Assembly on the 21st April, 1934, this Assembly recommends to the Governor General in Council that :

1. There shall continue to be levied on motor spirit an extra duty of customs and of excise of not less than 2 annas per gallon, and the proceeds thereof shall be applied for the purposes of road development.
2. (1) From the proceeds of such extra duty in any financial year there shall be deducted a sum as near as may be equivalent to the share in such proceeds arising from taxed motor spirit used for purposes of civil aviation during the calendar year ending in the financial year concerned, and such sum shall be at the disposal of the Governor General in Council for allotment as grants-in-aid of civil aviation.
- (2) The balance of the proceeds shall be credited as a block grant to a separate Road Fund.
- (3) For the purposes of this Resolution "taxed motor spirit" shall mean motor spirit upon which the duty of customs or excise shall have been paid and in respect of which no rebate of such duty shall have been given.
3. (1) The Road Fund shall be allocated as follows :
 - (a) a portion equal to fifteen per cent. shall be retained by the Governor General in Council as a central reserve ;
 - (b) out of the remainder there shall be allocated by the Governor General in Council :
 - (i) a portion for expenditure in each Governor's Province ;
 - (ii) a portion for expenditure elsewhere in British India ;
 - (iii) a portion for expenditure in Indian States and administered areas, as near as may be in the ratio which the consumption of taxed motor spirit, other than motor spirit used for the purposes of civil aviation, in each area for which an allocation is to be made shall bear to the total consumption in India of taxed motor spirit, other than motor spirit used for the purposes of civil aviation, during the calendar year ending during the financial year concerned.
- (2) The portions allocated for expenditure in Governor's provinces shall be retained by the Governor General in Council until they are actually required for expenditure in the manner hereinafter specified.
- (3) If in the opinion of the Governor General in Council the Government of any Governor's province has at any time :
 - (a) failed to take such steps as the Governor General in Council may recommend for the regulation and control of motor vehicles within the province ; or
 - (b) delayed without reasonable cause the application of any portion of the Road Fund allocated or reallocated as the case may be for expenditure within the province,

[Sir Frank Noyce.]

the Governor General in Council may resume the whole or part of any sums which he may at that time hold for expenditure in that province.

- (4) All sums resumed by the Governor General in Council from the account of any Local Government as aforesaid shall be re-allocated between the credit accounts of Local Governments and the Reserve with the Governor General in Council in the ratio of the main allocation for the financial year preceding the year in which the reallocation is made. Provided that the sum so calculated as the share of the province from whose account the resumption has been made shall also be credited to the Reserve with the Governor General in Council.
4. The balance to the credit of the Road Fund or of any allocation thereof shall not lapse at the end of the financial year.
5. No expenditure shall be incurred from any portion of the Road Fund save as hereinafter provided.
6. The Central reserve with the Governor General in Council shall be applied first to defraying the cost of administering the Road Fund and thereafter upon such schemes for research and intelligence and upon such special enquiries connected with roads and upon special grants-in-aid for such objects connected with roads as the Governor General in Council may approve.
7. The sums allocated for expenditure in British India may, subject to the previous approval of the Governor General in Council to each proposal made, be expended upon any of the following objects, namely:
 - (i) on the construction of new roads and bridges of any sort;
 - (ii) on the reconstruction or substantial improvement of existing roads and bridges;
 - (iii) in special cases, on the maintenance of roads and bridges, constructed, reconstructed or substantially improved from the Road Fund or from loans approved or sanctioned by the Governor General in Council;
 - (iv) to meet charges, including the cost of establishment, connected with the preparation of schemes of road development, or with the administration of provincial Boards of communications;
 - (v) to meet charges including the cost of establishment connected with the control of motor transport; and
 - (vi) on the interest and amortization of loans approved or sanctioned before the date of this Resolution by the Governor General in Council, and spent on the construction, reconstruction, or substantial improvement of roads and bridges.
8. In considering proposals for the construction, reconstruction or improvements of roads and bridges from the Road Fund, the Governor General in Council shall have regard to the present urgent need for improving the efficiency and reducing the cost of transport by road of agricultural produce to markets and railways.
9. (1) A Standing Committee for Roads shall be constituted each financial year consisting of:
 - (a) the Member of the Governor General's Executive Council in charge of the department dealing with the Road Fund, provided that should the said Member of the Governor General's Executive Council be unable to be present at any meeting he may nominate some one in his place;
 - (b) one nominated official member who shall be a Member of the Legislative Assembly;
 - (c) three members elected by the Members of the Council of State from amongst themselves;
 - (d) six members elected by the Members of the Legislative Assembly from amongst themselves; and
 - (e) the Chief Commissioner of Railways.
- (2) The Chairman of the Committee shall be one of the Official Members of the Committee whom the Governor General in Council may from time to time appoint.

- (3) No approval to any proposal for expenditure from the Road Fund shall be given by the Committee unless it is supported by :
 - (i) a majority of the members present and voting who are Members of the Legislative Assembly, and
 - (ii) a majority of the members of the whole Committee present and voting.
 - (4) All proposals for expenditure from the central reserve and all other proposals for expenditure from the Road Fund to be made in British India shall be referred by the Governor General in Council to the Standing Committee before he approves of them.
10. The functions of the Standing Committee shall be :
- (a) To consider the annual budget and accounts of the Road Fund.
 - (b) To advise upon all proposals for expenditure from the central reserve.
 - (c) To advise upon the desirability of all other proposals involving expenditure from the Road Fund in British India.
 - (d) To advise upon proposals for the resumption of monies held by the Governor General in Council as provided for in sub-paragraph (3) of paragraph 3 of this Resolution.
 - (e) To advise the Governor General in Council generally on all questions relating to roads and road traffic which the Governor General in Council may refer to the Committee."

Sir, when, in 1934, I moved the lengthy Resolution which the one I have just moved is designed to replace, I did so in the expectation that no changes in it would be required during my term of office. But the problems, presented by the development of roads, remain no more static than do the vehicles which ply upon those roads and that expectation has not been fulfilled. Certain changes in the existing Resolution have, in our view, become imperative if the Road Fund is fully to serve the purpose for which it was created. Those changes were embodied in the Resolution of which I gave notice during the Simla Session of this Assembly and from which that I am now moving differs in a few minor respects. I did not move that Resolution because it appeared the general desire that it should not be taken up at the end of a very heavy Session in a comparatively empty House. It is not the fault of Government that it should now have to be taken up in a House much below its normal strength. The House has had ample experience of the invariably congested state of business at the end of the Budget Session and if the Resolution were not moved now, it might well prove impossible for me to move it at all this Session. Whatever differences of opinion there may be over details, I venture to express the hope that in its main features it will not prove controversial. I have at any rate, one advantage which I did not possess when I moved the existing Resolution. The House today will be able to devote its undivided attention to the subject. On the last occasion, it was so much occupied in paying tributes to the then Leader of the House, who was on the eve of his departure from Delhi, that roads and farewell bouquets were inextricably mingled to my great embarrassment.

When I moved the existing Resolution in this House on the 21st April, 1934, I gave a somewhat detailed account of the way in which the Road Development Fund has been administered during the preceding five years. I do not propose to take up the time of the House by following the same procedure on this occasion, especially as the Standing Committee of this House, whose valuable assistance in administering the Road Fund I am glad to have another opportunity of acknowledging has been given full information on all points. I may, however, indicate

[Sir Frank Noyce.]

broadly the amount that has been distributed to the Provinces and the way in which it has been used. Up till the end of 1935-36, the total amount accruing to the shares of the Provinces and distributed to them, excluding the Minor Administrations and Indian States, was Rs. 563-37 lakhs. At the end of 1935-36, a sum of Rs. 203-37 lakhs out of this had not been spent.

Mr. Akhil Chandra Datta (Chittagong and Rajshahi Divisions: Non-Muhammadian Rural): What is the amount not spent?

The Honourable Sir Frank Noyce: It is Rs. 203-37 lakhs. That was at the end of 1935-36. I mention this as it has an important bearing on one of the clauses of this Resolution to which I shall presently refer. The amount that accrued to the Reserve during the same period was Rs. 88-42 lakhs, to which should be added Rs. 9-39 lakhs, contributed voluntarily by the Oil Companies representing the difference between the original and the revised duty calculated on the stock held when the new duty was imposed in March, 1929, and a special contribution from the revenue surplus for 1934-35 of Rs. 40 lakhs, a total of Rs. 137-81 lakhs. In accordance with paragraph 6 of the existing Resolution, this sum has been utilised on the administration of the Road Fund, on grants-in-aid to Provinces, States and Minor Administrations for special works and for road experiments.

I turn now to the changes which the Resolution I have just moved seeks to introduce in the present Resolution. I propose to restrict myself to the more important changes of substance. If the eagle eye of any Member of this House has discovered other changes which he would like explained, I shall be happy to tell him the reasons for them. Since the current Resolution on road development was adopted in April, 1934, two meetings of the Transport Advisory Council have been held to discuss various matters connected with the policy of road development and the conditions attaching to the distribution of the Fund. At the second meeting of the Transport Advisory Council in July last, certain recommendations were adopted which are embodied in Part VI of the Concise Statement of Policy which has, I think, been available to Members of this House for some time past, and the changes which I now propose are based mainly on these recommendations.

The first important amendment is that contained in paragraph 3(2). If the Resolution is accepted by this House, shares allocated for expenditure in Governors' Provinces will in future be retained by the Governor General in Council until they are actually required for expenditure. When the Road Fund was started in 1930, there was naturally a considerable lag in expenditure, because Local Governments had first to prepare their programmes before they could spend money on them. In recent years, however, it has appeared to the Standing Committee that progress in expenditure has been unsatisfactory in some Provinces, and they have not failed to criticise us for not doing more to impress upon the Provinces the need for speeding up expenditure. It would be invidious if I were to refer to any particular Local Government in this connection. Nor do I wish to say that the reasons for delay have not been reasonable. But the fact remains that, taking the total distribution and the probable expenditure up to the end of the current financial year, we find that Local

Governments have spent approximately only Rs. 330 lakhs against the Rs. 568 lakhs placed at their disposal. There is thus an unexpended balance of over Rs. 200 lakhs or about 2½ years' revenue. We are constantly asked why it is that certain provinces are doing so little in the way of using the Road Fund money, and it is to prevent the accumulation of large unspent balances and at the same time to ensure prompt utilisation of the money placed at their disposal that we are proposing that in future, instead of placing the sums accruing to them at the disposal of Local Governments, we shall hold them in the Central balances. I do not think that any legitimate complaint can be made of this. No province which uses its money promptly for the purpose for which it is granted can be affected by the change, and actually only two provinces have raised objection to the proposal.

Closely allied to this change in paragraph 2 is the power we propose to take in paragraph 3(3)(b) to resume the whole or any part of the sums which the Central Government may hold for expenditure in any province if that province delays without reasonable cause to utilise its share in the Road Fund for the purposes of road development. I sincerely trust that no Local Government will ever give occasion for the use of this power and that the mere possession of it will prove sufficient to expedite the execution of road schemes. I would emphasise that it is not intended that it should be used in any arbitrary manner. We have, in paragraph 10(d), provided what we hope will be regarded as a sufficient safeguard against such use by prescribing that all proposals for resumption shall be placed before the Standing Committee for Roads.

In paragraph 3(3)(a), we have also taken power to resume the share of a province which is being held by the Central Government if it fails to take such steps as the Governor General in Council may recommend for the regulation and control of motor vehicles within the province. The attachment of this condition to future participation in the Road Fund is the result of the discussion of the road-rail problems during the last three years. In April, 1933, as the House is aware, a Road-Rail Conference was convened, the outcome of which was the establishment of the Transport Advisory Council, to which I have already referred. Amongst the resolutions passed by this Conference one ran as follows. I will read it in full, because it is necessary that the House should understand the way in which this proposal of ours originated and may be under no misapprehension as to our intention. It runs as follows:

"In order to ensure increased co-operation and more intelligent co-ordination of effort between the various authorities concerned, this Conference considers that the following measures would be justifiable:

- (a) The control of public service and goods motor transport should be regulated in the interests of public safety and convenience.
- (b) The number of vehicles licensed to ply for hire should be restricted so as to prevent such competition between all forms of transport as may be contrary to the public interest."

This matter was again considered at the first meeting of the Transport Advisory Council, which recommended that the number of motor buses should be restricted so as to avoid wasteful competition, that in order to secure this end, motor buses or services of motor buses should be licensed for a specified route or routes only, and that in determining whether a license should be granted regard should be had to certain tests. This resolution was reaffirmed in an identical form at the second meeting

[Sir Frank Noyce.]

of the Transport Advisory Council by a large majority of those present. Such dissent as there was was not from the principle that better control of motor transport is necessary but in regard to certain points of detail. It follows, therefore, that there is practical unanimity that for the proper co-ordination of road and rail transport some measure of control is necessary. It is not possible now to codify for all time what will be necessary. It is true that we have a Bill in contemplation but that Bill, which is, in the main, an enabling Bill, can only touch matters on which legislation has become essential. The growth of motor transport is bound to bring about other changes which will require to be met. It is obviously impossible to foresee the exact nature of these changes, but if there is to be co-ordination, there must be some co-ordinating authority and that co-ordinating authority can only be the Centre. Even after our amending Bill has passed into law, further amendments will be necessitated by changing conditions, but legislation is always a slow process, and I am sure the House knows quite well that, in the new conditions which will shortly be upon us, it is likely to be in the future a very much slower process than it has been in the past. It is, therefore, our view that the Centre must have power to deal with serious difficulties which may arise. It is not the intention of the Government of India to use this power to dictate to Local Governments how they should conduct their policy. It is intended purely to be a reserve power to be used in case of necessity, a power which will be valuable in enabling the Centre to secure co-operation between it and the provinces. I have every hope that there will be such a measure of co-operation between the Centre and Local Governments that it will never be necessary to use the power which we now seek in terms of this Resolution. But we are firmly of the opinion that it is reasonable that the Centre should have power to withhold their co-operation with a Local Government by means of withholding grants which, it is important to emphasise, are made from a central source of taxation, if that Government find themselves in the ultimate resort unable to fall into line with the wishes of the Centre in regard to any matter which affects vitally the interests of India as a whole. In other words, co-operation must be mutual. If a Local Government is not prepared to co-operate with the Centre, it cannot reasonably expect the Centre to co-operate with it. I would like to invite attention, in this connection, to the provisions of paragraph 3(4) of the Resolution which require that if the Centre has at any time to resume provincial shares, the shares so resumed will be distributed among the other participants in the Road Fund for use for identical purposes. The Centre, therefore, makes nothing out of resumption except to the extent of the insignificant share of the amount resumed that would go to Minor Administrations. There is thus no incentive for the Central Government to use its powers arbitrarily, unfairly or unreasonably, and, as I have already pointed out, it is incumbent upon Government, whenever they propose to resume any shares, to seek the advice of the Standing Committee which in itself will be a powerful deterrent to arbitrary action.

It is only necessary to refer to one other change, namely, that in paragraph 7(vi) of the Resolution. This provides that provincial shares in the Road Fund may only be applied to the interest and amortisation of loans in cases where approval or sanction has already been accorded. This is an important change but as it is one which is closely connected with

the future relations between the provinces and the Centre in regard to borrowings, I will leave my Honourable colleague, the Finance Member, to deal with it. He will explain the reason for it when we come to the amendment which has been moved on the subject.

I do not wish to detain the House any longer, and all I need add is the assurance that, if the House accepts this Resolution the Government of India will do their utmost to use their powers in the spirit in which this Resolution is conceived, and that they will endeavour to secure by consultation and co-operation what they consider to be in the best interests of road development, before resorting to any coercive action. I cannot but believe that this House will recognise the soundness of the principle that the Central Government are entitled to take steps to ensure that sums voted by the Central Legislature are utilised to advance the properly co-ordinated development of communications in this country. That is all that this Resolution aims at securing. Sir, I move.

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

"That in supersession of the Resolution adopted by this Assembly on the 21st April, 1934, this Assembly recommends to the Governor General in Council that :

1. There shall continue to be levied on motor spirit an extra duty of customs and of excise of not less than 2 annas per gallon, and the proceeds thereof shall be applied for the purposes of road development.
2. (1) From the proceeds of such extra duty in any financial year there shall be deducted a sum as near as may be equivalent to the share in such proceeds arising from taxed motor spirit used for purposes of civil aviation during the calendar year ending in the financial year concerned, and such sum shall be at the disposal of the Governor General in Council for allotment as grants-in-aid of civil aviation.
- (2) The balance of the proceeds shall be credited as a block grant to a separate Road Fund.
- (3) For the purposes of this Resolution "taxed motor spirit" shall mean motor spirit upon which the duty of customs or excise shall have been paid and in respect of which no rebate of such duty shall have been given.
3. (1) The Road Fund shall be allocated as follows :
 - (a) a portion equal to fifteen per cent. shall be retained by the Governor General in Council as a central reserve;
 - (b) out of the remainder there shall be allocated by the Governor General in Council :
 - (i) a portion for expenditure in each Governor's Province;
 - (ii) a portion for expenditure elsewhere in British India;
 - (iii) a portion for expenditure in Indian States and administered areas,
 as near as may be in the ratio which the consumption of taxed motor spirit, other than motor spirit used for the purposes of civil aviation, in each area for which an allocation is to be made shall bear to the total consumption in India of taxed motor spirit, other than motor spirit used for the purposes of civil aviation, during the calendar year ending during the financial year concerned
- (2) The portions allocated for expenditure in Governor's provinces shall be retained by the Governor General in Council until they are actually required for expenditure in the manner hereinafter specified.
- (3) If in the opinion of the Governor General in Council the Government of any Governor's province has at any time :
 - (a) failed to take such steps as the Governor General in Council may recommend for the regulation and control of motor vehicles within the province; or

[Mr. President.]

- (b) delayed without reasonable cause the application of any portion of the Road Fund allocated or reallocated as the case may be for expenditure within the province,
- the Governor General in Council may resume the whole or part of any sums which he may at that time hold for expenditure in that province.
- (4) All sums resumed by the Governor General in Council from the account of any Local Government as aforesaid shall be re-allocated between the credit accounts of Local Governments and the Reserve with the Governor General in Council in the ratio of the main allocation for the financial year preceding the year in which the reallocation is made. Provided that the sum so calculated as the share of the province from whose account the resumption has been made shall also be credited to the Reserve with the Governor General in Council.
4. The balance to the credit of the Road Fund or of any allocation thereof shall not lapse at the end of the financial year.
5. No expenditure shall be incurred from any portion of the Road Fund save as hereinafter provided.
6. The Central reserve with the Governor General in Council shall be applied first to defraying the cost of administering the Road Fund and thereafter upon such schemes for research and intelligence and upon such special enquiries connected with roads and upon special grant-in-aid for such objects connected with roads as the Governor General in Council may approve.
7. The sums allocated for expenditure in British India may, subject to the previous approval of the Governor General in Council to each proposal made, be expended upon any of the following objects, namely :
- (i) on the construction of new roads and bridges of any sort;
 - (ii) on the reconstruction or substantial improvement of existing roads and bridges;
 - (iii) in special cases, on the maintenance of roads and bridges, constructed, reconstructed or substantially improved from the Road Fund or from loans approved or sanctioned by the Governor General in Council;
 - (iv) to meet charges, including the cost of establishment, connected with the preparation of schemes of road development, or with the administration of provincial Boards of communications;
 - (v) to meet charges including the cost of establishment connected with the control of motor transport; and
 - (vi) on the interest and amortisation of loans approved or sanctioned before the date of this Resolution by the Governor General in Council, and spent on the construction, reconstruction, or substantial improvement of roads and bridges.
8. In considering proposals for the construction, reconstruction or improvements of roads and bridges from the Road Fund, the Governor General in Council shall have regard to the present urgent need for improving the efficiency and reducing the cost of transport by road of agricultural produce to markets and railways.
9. (1) A Standing Committee for Roads shall be constituted each financial year consisting of :
- (a) the Member of the Governor General's Executive Council in charge of the department dealing with the Road Fund, provided that should the said Member of the Governor General's Executive Council be unable to be present at any meeting he may nominate some one in his place;
 - (b) one nominated official member who shall be a Member of the Legislative Assembly;
 - (c) three members elected by the Members of the Council of State from amongst themselves;

- (d) six members elected by the Members of the Legislative Assembly from amongst themselves; and
 - (e) the Chief Commissioner of Railways.
- (2) The Chairman of the Committee shall be one of the Official Members of the Committee whom the Governor General in Council may from time to time appoint.
- (3) No approval to any proposal for expenditure from the Road Fund shall be given by the Committee unless it is supported by :
- (i) a majority of the members present and voting who are Members of the Legislative Assembly, and
 - (ii) a majority of the members of the whole Committee present and voting.
- (4) All proposals for expenditure from the central reserve and all other proposals for expenditure from the Road Fund to be made in British India shall be referred by the Governor General in Council to the Standing Committee before he approves of them.
10. The functions of the Standing Committee shall be :
- (a) To consider the annual budget and accounts of the Road Fund.
 - (b) To advise upon all proposals for expenditure from the central reserve.
 - (c) To advise upon the desirability of all other proposals involving expenditure from the Road Fund in British India.
 - (d) To advise upon proposals for the resumption of monies held by the Governor General in Council as provided for in sub-paragraph (3) of paragraph 3 of this Resolution.
 - (e) To advise the Governor General in Council generally on all questions relating to roads and road traffic which the Governor General in Council may refer to the Committee."

There will now be a general discussion, as has been said, but, in order to clear up any misunderstandings that may arise, any Member is entitled to speak on the Resolution generally as well as on any amendments. But when speaking on the amendments, he has got to observe the ordinary rule that there shall be no repetition. That is all that need be pointed out in this connection. The vote will be taken, as has already been said, on the Resolution after the amendments have been disposed of.

Mr. G. Morgan (Bengal: European): Mr. President, I should like to congratulate the Honourable Sir Frank Noyce on the very lucid explanation he has given when moving the Resolution before the House.

Sir, this Resolution has been before us, in substantially the same form, for the past four or five months, and the opportunity that has been provided for examination and discussion should at least ensure that the views expressed in this House today will be reasonably well-informed. No one will deny, and the Government least of all, that there are some paragraphs in the Resolution which have given rise to a great deal of anxiety in the Provinces. Nor is this anxiety altogether without justification. The additional tax from which the proceeds of the Road Fund are obtained was imposed for the express and specific purpose of road development. Sir George Schuster, when he introduced the tax in 1929, made this explicit statement:

"I have to make it clear that this is a measure of taxation which is not designed for the advantage of the general revenues of the Central Government but for a specific purpose which has been unanimously recommended by the Indian Road Development Committee".

[Mr. G. Morgan.]

The first paragraph of the Resolution indicates that the tax is still continued for the same specific purpose, from which it must be assumed that there has been no change in the policy of the Government since 1929, and that they still believe, as they did then, that road development is a subject of "great importance for the economic, social and political progress of this country generally and of the rural population in particular".

Now, Sir, for about seven years the proceeds of the Road Fund have been distributed to the various Provinces, and there has throughout that period been no violent departure from the policy which was laid down governing the distribution of the allocations from the Fund. Seven years is not a short period. It is a sufficiently long period for conventions to be set up and precedents to become firmly established. It is a little surprising, therefore, to find in the Resolution that is now brought to the House a sharp departure from the policy that has hitherto been pursued, and the addition of fresh and entirely new conditions which alter to some extent the outlook and purpose of the Fund. I refer to the proposals in paragraph 3, which seek to lay upon the Provinces the satisfaction of new and unknown conditions, so far as this Fund is concerned, if the Provinces are to be sure to continue to receive the same assistance that has been given to them during the past seven years. No one suggests that the conditions originally laid down in respect of this Fund are immutable, but we are entitled to say that, if the new conditions in paragraph 3 are desirable they should have been thought of earlier. It is a bit late in the day. Seven years after the Fund has been in existence, suddenly to think of making it a condition for the receipt of an allocation from the Fund, that the Provinces should institute such measures of motor vehicle control as the Governor General in Council may recommend.

It is not necessary for me to enter today into the apportionment of administrative subjects under the present and the new constitution because this House will be familiar with the position and will not need to be reminded that the autonomy of the Provinces in respect of roads and motor transport has been clearly established. For at least nearly two decades the provinces have exercised autonomy in respect of roads, while in respect of motor transport they have exercised autonomy even to the extent of deciding what system of taxation shall operate in their areas. Whether those responsible for framing the constitution showed vision and wisdom in giving the Provinces autonomy in these matters is not now under consideration, and in any event the matter has been settled, and so far as we are concerned now it has passed beyond the range of practical politics. The Government of India can attach such conditions to the Road Fund as they may like, but it is a matter for serious doubt whether they should attach conditions which presuppose a lack of fidelity on the part of the Provinces in respect of those matters which the Constitution with all its authority, dignity and force has decided the Provinces are capable of discharging in their own way and in their own time.

The Government must not be surprised, therefore, if seven years after the Fund has been in existence their proposal to resume allocations, if the Provinces do not, so to speak, do as they are told in the matter of the control of motor vehicles, is looked upon with suspicion. Nor must the Government be surprised if the view is taken that this is merely another attempt on the part of the Central Government to bolster up the railways

at the expense of road transport. I think it is inevitable that road development in this country will mean an increase in the amount of traffic carried by the roads, and if there is no increase in the total volume of traffic available, it follows as an obvious corollary, that a part of the traffic that is carried by the railways will be transferred to the roads. That, however, is not quite the point which this House has to decide. The point which this House has to decide, when it is faced with a potentially restrictive condition such as that proposed in paragraph 3 of the Resolution, is whether road development is a good or bad thing in the interests of this country, and if so whether such funds as this Legislature may vote for that purpose should be made contingent upon the Central Government's wishes in respect of the control of vehicles using the roads. However much the railways may have to suffer, I think, there can be only one opinion among those who are prepared to look ahead and that is that in the interests of this country, and especially in the interests of opening up the vast rural areas, road development on sound lines should be subjected to no hindrance at all. No one will deny that there is urgent need for the proper control of motor vehicles and that the present position provides adequate ground for dissatisfaction on that score, but after all, the arguments justifying the control of motor vehicles are quite different and distinct from those justifying the development of the road systems of India and any shortcomings that may be apparent in the one should not be put forward as a justification for penalising the other.

The difficulty we are up against in this matter is, of course, the difficulty inherent in the division of administrative responsibility under which the railways must in matters of this nature be the first concern of the Central Government, while their interest in roads, seeing that roads is a Provincial subject, must inevitably be subsidiary. But while the administrative responsibility for India's essential communications may be divided, India's interests as a whole are not divisible, and India's interests are not served by placing obstacles in the path of new and modern methods of transport in an effort to protect the budgetary position of the railways. It may well be true that Indian railways are losing Rs. 2 crores or more a year as a result of road competition, but that is by no means a unique event. The same position has had to be faced by railways all over the world and it would be very shortsighted policy so far as India is concerned if just because the railways happen to be a Government responsibility advantage is taken of that circumstance to try and delay the inevitable encroachments of the roads. For sometime now I have been receiving regularly the bulletins issued by the British Railways Press Office in London; and those bulletins give a fair idea of the steps that are constantly being taken by the United Kingdom railways to improve the service they offer to the public. Their position is much more difficult than the position of Indian railways because in the United Kingdom the distances are not only considerably much shorter but the roads are better and more numerous. The British Railways, however, have not sat down and bemoaned their fate. They have shown enterprise and imagination. They have improved both their goods and passenger services, increased their speeds, introduced modern and comfortable coaches, reduced to a minimum all the petty annoyances associated with tickets and inspections, improved the facilities of their railway stations, and in numerous other ways have succeeded in making railway travel a more attractive proposition than travel by roads. It is not perhaps out of place to mention these matters

[Mr. G. Morgan.]

since I notice that the problem of roads *versus* rail has been given considerable prominence in the terms of reference of the Wedgwood Committee, and I hope that that Committee will be able to give the Indian Railway administration a lead in improving railway efficiency so that the all too evident suspicion, that the roads must be hampered because the railways can do no more, may be removed.

It is true that the taxpayer has an important interest in the financial success of the railways, but he also has a much greater interest in securing the most efficient, the most convenient and the most useful method of transport he can, and he will not thank any Government for trying to reduce the unfortunate financial obligation he has to bear in respect of the railways if it means restricting the full possibilities of road development. There are some classes of goods which can obviously be handled more efficiently by the railways, and there are other classes of goods which can be handled more efficiently by the roads, and the value of the services available to the user depends upon the freedom he has in making the fullest possible use of whichever type of transport is best suited to his particular needs. It is on those lines that the vexed question of road-rail competition will have to be settled, and those lines do not involve restricting the development of either type of transport, but they do involve a constant adaptation of both types to meet the changing requirements of the customer.

We should have liked to have seen this matter dealt with by Legislature. One of the reasons why we should have liked to have seen this Resolution introduced in the form of a Bill, is because there is an atmosphere of impermanence about the Road Fund as it is at present constituted. It is not a Statutory Fund, it has, so to speak, no constitutional *locus standi*, and notwithstanding the fact that it consists of the proceeds of a special tax agreed to, and imposed for a special purpose, there is not the same obligation on the Government to continue to be guided by the recommendations of this Resolution as there would be if the Resolution had the force of law. However, we may perhaps receive some assurance from the fact that the Government would not have gone to the trouble of bringing in this Resolution today if they had contemplated any immediate change in their present policy.

Well, Sir, I have already referred to paragraph 3(3) (a) of the Resolution and when the amendment for the deletion of that part of the paragraph is moved by my Honourable friend, Mr. James, he will explain at greater length the objections which we have to those provisions and the reasons which have guided us in coming to the decision we have. I have also an amendment on the paper relating to the provisions of paragraph 7 (vi) which enable the allocations from the Fund to be used for the payment of the interest and amortisation of loans raised for road development purposes, and there are one or two other amendments of a minor character which I have put down which I will explain when the amendments come on for consideration. In the meantime, we welcome the Government's decision to delete the latter part of the original paragraph 8. We also welcome the new addition to the functions of the Standing Roads Committee in part (d) of paragraph 10, and we have presumed that this means that before any proposal for the resumption of allocations by the Governor General in Council is put into effect it will be placed before the Standing

Committee. I should like the Honourable Member to make that point clear when he replies as there is little safeguard in the new provision if it means that a proposal for resumption may be put into effect before the Standing Committee has expressed its views.

The only other point which I have to raise now refers to the Central Reserve retained by the Governor General in Council under paragraph 3 (1) (a). I should have been very pleased to have seen this raised from fifteen to twenty per cent for the benefit of provinces like Assam who, on their consumption figures, can never hope to secure an allocation sufficiently large to enable any substantial improvement or development of roads to be put in hand.

The amendments we have tabled have not been tabled from any obstructionist motive, they have been put down because some of the new conditions which the Government have introduced seem to us to go outside the spirit of the Resolution as we have understood it in the past and cannot be reconciled with the purpose for which the Fund was originally created. It is in an attempt to remedy that position that our amendments have appeared on the paper.

Mr. Akhil Chandra Datta: At the outset, I must congratulate my Honourable friend, Mr. Morgan, on the very excellent and illuminating speech which he has made. I feel that I can endorse without hesitation every word that has fallen from him. It is a pity that a matter like this and of such vast importance should be discussed in the shape of a Resolution. It is difficult to do any justice to these very important matters within the space of a quarter of an hour. There are so many items and we cannot devote one minute even to each one of these items. However, Sir, after that illuminating speech I feel that it is not necessary to make many more remarks. I shall be very brief. The most important change, as has been pointed out by my Honourable friend, Mr. Morgan, is contained in 3(3)(a). He has a shrewd suspicion,—he uses the word “suspicion”,—and when a remark like that comes from the European Group I think that is a matter for serious consideration by the Government. In view of the fact that the new constitution is coming and in view of the fact that even under the old constitution roads are a provincial subject and the regulation and control of motor vehicles also are a provincial subject, it is very difficult to appreciate as to why at this late hour this very important change should have been made in this respect. This attempt to interfere with the Provincial Governments’ control of motor transport is really, if I may be allowed to say so, a veiled revolt against the provincial autonomy that is coming and against the new constitution. A change like that is not tolerated even by the European Group. It has been said, and very rightly said, by Mr. Morgan that it is probably intended to bolster up the railways. There is also serious objection to the penalty provided for “failure to take such steps as the Governor General in Council may recommend”. As many as three amendments have been tabled by the European Group. I shall not, therefore, devote more time to this item. There is another change as regards the scope of the Fund. I refer to clause 7, and the most important change is made in 7 (iii), which provides that the Road Fund may be utilised: “in special cases, on the maintenance of roads and bridges, constructed, reconstructed or substantially improved from the Road Fund or from loans approved or sanctioned by the Governor General in Council”. It will be profitable to

[Mr. Akhil Chandra Datta.]

contrast this with the old Resolution, clauses 7(1)(iv) and 7(1)(v). In 7(1)(iv) you find, "in special cases, on the maintenance of roads and bridges, constructed, reconstructed or substantially improved from the Road Account since 1930". The time is the essence of the whole matter—"since 1930". Here in the present Resolution that qualification "since 1930" is removed. Not only that, but we have got also, "or from loans approved or sanctioned by the Governor General in Council". These are very important departures. This is really a serious encroachment upon the road fund, as it was originally intended. If I may say so, it is a breach of trust, because the definition of breach of trust is diversion of funds from the original purpose. It is a breach of trust in that sense. It is, of course, civil breach of trust, not criminal. I have serious objection to these changes made in clause 7(iii).

There is another change to which no reference has been made by the Honourable the Mover of this Resolution. I mean sub-clause (v) of clause 7. I have compared the old Resolution and the new Resolution. This is a new clause inserted here. It was not there in the old Resolution. I fail to understand why this charge should be debited to the road fund to meet charges including the cost of establishment connected with the control of motor transport. It is not a new charge. If this road fund account is abolished today, all the same there must be charges met by the Government of India or by the Provincial Governments in connection with the cost of establishment connected with the control of motor transport. Here again there is a diversion of a portion of the fund from the original purpose for which it was created.

There is another important change to which reference was made by the Honourable the Mover. That is sub-clause (vi) of clause 7: "on the interest and amortisation of loans approved or sanctioned before the date of this Resolution". This expression "before the date of this Resolution" opens a large door for the diversion of the fund.

The Honourable Sir Frank Noyce: Will the Honourable Member explain how?

Mr. Akhil Chandra Datta: The Governor General in Council might have approved or sanctioned a scheme before the date of this Resolution. That might have been before the creation of the road fund. In any case, whether before or after the creation of the road fund, there is the other objectionable feature, namely, that approval or sanction might have been given apart from the road fund account and now it is proposed that the interest on loans or amortisation of loans should be met from this fund and therefore I find that an amendment has been very properly tabled on this point also by an Honourable Member of the European Group.

Coming to paragraph 8, I wholly endorse the principle laid down here. Only I hope that the provision made here will be given effect to without any reservation. The question involved here is the question of the improvement of trunk roads receiving more attention than that of the village roads. I think the policy now is the improvement of rural communications and that view has been expressed in paragraph 8. It is a wholesome provision, if only it is fully carried out.

One word about the constitution of the standing committee. There has been some change introduced. There were previously two nominated official Members. One of them has been cut down and this has been replaced by the Chief Commissioner of Railways. That is, again, another item to which objection has been taken also by the European Group and I quite appreciate that objection. These are the outstanding features to which I wanted to call the attention of the House and subject to these objections I certainly support the Resolution.

Captain Rao Bahadur Chaudhuri Lal Chand (Nominated Non-Official): Sir, as an old Member of the Standing Committee on Roads, I think it my duty to say a few words on this important Resolution. Moreover, I can speak with some experience of the road problem as I have been for a long time connected with the activities of the District Board of my district, and have for some years served on the Provincial Communications Board of my province. But before I come to the merits of the present Resolution, I hope, you will kindly excuse me if I make a few remarks of a general nature.

Sir, generally speaking, there is no fund with the Government of India which is so well managed as the road fund and similarly, there is no committee of the House, where there is more unanimity between officials and non-officials than in the Standing Committee on Roads.

Sir Muhammad Yakub (Rohilkund and Kumaon Divisions: Muhammadan Rural): What is the output of its work?

Captain Rao Bahadur Chaudhuri Lal Chand: Read the reports. Sir that is chiefly due to the tact and popularity of the Honourable Sir Frank Noyce who always tries to understand the viewpoints of his critics and never fails to satisfy them. So, on the actual working of the fund under the terms of the Road Resolution as it stands, we have nothing but thanks and congratulations to offer. It seems that there is so much scrutiny in the spending of this fund, that we are literally getting 16 annas worth of work out of every rupee that we spend. Last year, I was allowed to attend the Road Congress meetings as a representative of the Standing Committee on Roads, and although it was not possible for me to grasp all the technicalities, yet I was pleasingly surprised to find, that reasearch work on a very large scale was being carried on under the guidance of Mr. K. G. Mitchell. The work of co-ordinating the efforts of the different provinces in the work of road making was in itself a huge task, but the fertile brain of Mr. Mitchell has set every province to do research work suitable to its conditions and it appears to me that this work is being carried on all over India.

Sir, I have congratulated the authorities on their efficient management of this Fund. But, I cannot equally congratulate the Government on their even-handed justice. It so happens in this case that the interests of high officials of Government, and of the capitalists of our country are identical, as both of these classes are motor-owners. They have joined hands to usurp this booty of road taxes to their own use, and the result is that the whole of this money is being spent on the construction and improvement of roads that are used by these two classes. Trunk roads have all improved considerably, but no heed is being paid to the needs of the villager. My Honourable friend, Mr. Morgan, commands great

[Captain Rao Bahadur Chaudhuri Lal Chand.]

respect for his fair-mindedness in this House; but as he belongs to the capitalist and urban class, he too could not realise that the words which appeared at the end of paragraph 8 in the October Resolution, and have since been left out as that would have given the Government a chance of earmarking a certain percentage of the grants for rural inter-village roads. Sir, as I am moving an amendment on this point, I hope he will change his mind by then. Village roads are in the hands of local bodies, and the trunk roads are managed by the Public Works Department. As the latter are the masters of the purse, they look to their needs first, and the poor District Boards are simply told to look after thousands of miles of roads in their charge themselves. The other day, I as the chairman of the District Board of my district got a curious letter from the headquarters. We were told that a sum of Rs. 30,000 had been set apart for new works on roads in the whole province and that a proposal should be sent up for the approval of the Government. On calculation, I found that we could at the most get Rs. 1,000. What new project could be suggested which would cost this sum I leave it for Honourable Members to imagine? On a very optimistic estimate, we could either build one small culvert or about a furlong of new road. We, in our district, consume about one thousand gallons of petrol per day, leaving aside the special boom during elections, at the rate of two annas per gallon, the income from this one district is Rs. 45,000 a year and yet we are offered only Rs. 1,000. So, this is my chief complaint about the method of its application. The Standing Committee which has been set up to give the management the colour of popular control has no power of initiation and only those cases that are approved by the P. W. D. come before it. The P. W. D. may reject a thousand deserving cases without the knowledge of this Committee. The Committee can make no recommendations and they have to select out of the schemes that are laid before them. I venture to put one straight question to the Honourable Member in charge and it is because the Honourable the Deputy President felt satisfied with the wording of paragraph 8 and said that this would give inter-village roads enough money. Now the question is this—How much of the many crores of money they have realised during the last seven years has been spent on inter-village roads? Have any directions been issued by the Government of India to provinces to send up village road schemes. I hope the Honourable Member will throw some light on this aspect.

Sir, I pass on to another aspect of the case. Here, I may tell the Government that even their interests have suffered on account of this neglect of village roads. A high official of my Province told me the other day, that Government were losing their hold on the country, because the motor car had taken the place of the horse, and the village touring which brought Government into direct touch with the rural population had practically come to an end. This is absolutely correct. Even officers of departments like agriculture, veterinary and co-operation, whose business lies solely in villages, always prefer to arrange their tour programme on *pucca* roads only. Nearly all our rural uplift meetings are arranged in villages that are served with *pucca* roads. Even the radio sets that have been given to some villages round about Delhi have been placed in villages that lie on the metalled roads. The other day, I was looking into the

utility of the Rest Houses that my District Board maintains for the use of touring officers in the district, and I found that one of the Rest Houses which was in the interior of the district and where we were keeping a regular whole-time staff was used for one day only during the whole year of 365 days; and that too by an officer who had to go there for District Board elections and could not help spending the day there. So, apart from the step-motherly treatment to villages in the matter of road facilities, Government is fast losing all touch with the vast population in the interior. I may also tell this Honourable House that the villages I mention are not small clusters of huts. I have got a map of my district prepared, in which the population figures of each village are shown against it. It will appear from this that there are hundreds of villages whose population is over one thousand which are closed to all wheeled traffic during the rainy season and nothing but the time-honoured *gadda*, or country cart, could reach them through zigzag paths full of deep ruts during the rest of the year. Some of them have a population of over two thousand and a few over three thousand. The highest officer that goes there is the *patwari*, with occasionally a police head constable to shape their destinies in murder cases. The Health Department, which is purely a Rural Service, sends only a vaccinator there, who is tempted to undertake this journey in order to realise his annual dues. These villages have not learnt to give trouble yet (Laughter), as even the communal leaders and Congress workers do not undertake unpleasant journeys. I refer to this to show that in the interests of administration also, it is necessary that the policy of Government in regard to road development should be completely overhauled. Trunk roads are serving useful purpose, no doubt; but feeder roads are also necessary, and both should go ahead side by side. I would, therefore, urge that a certain percentage of this Fund should be earmarked for Rural Road Development Schemes. So far, villagers have been paying their dues quietly:

"Theirs is not to question why,

Theirs is but to pay and sigh!" (Hear, hear.)

Sir, this tax is the least unpopular. It is not a tax on the poor man's salt, but falls on those who can afford to pay, and so it might well be put up a little.

Sir, having said so much in favour of the continuation of this Fund, I think I may point out several objectionable stings that lie hidden in the long series of paragraphs. Probably it is with a view to hide these stings that Government have repeated the whole Resolution, in suppression of the old one, instead of bringing in only amendments to the old Resolution.

The Honourable Sir Frank Noyce: Sir, I must take exception to my Honourable friend's remark. The accusation that he is making is entirely unfounded. The amended Resolution was brought in in order to enable the subject-matter of it to be placed in its proper perspective before the House.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member is entitled to repudiate the suggestion if he so chooses.

Captain Rao Bahadur Chaudhri Lal Chand: Well, I don't mind the form. Now, the most objectionable portion is sub-paragraph (3) (a) of paragraph 3. I will read it out:

"If in the opinion of the Governor General in Council the Government of any Governor's province has at any time :

- (a) failed to take such steps as the Governor General in Council may recommend for the regulation and control of motor vehicles within the province . . . etc."

Now, item (a) amounts to treating the Provincial Governments like school children. I know the Honourable Sir Frank Noyce will not propose such a thing unless there were very strong reasons for these drastic measures; but is it fair that on the eve of the introduction of the provincial autonomy, the provinces are told, that they should bear in mind the teacher's rod when learning their first lessons. Sir, the time is not proper for such a drastic step. To me it seems that this is the beginning of a clash between Provinces and the Central Government. No doubt, much could be said on both sides, but an analysis of the situation that will be created will show that this was a case more for persuasion, than for threat. Let us analyse the situation. Roads are a provincial subject, while Railways are Central. The rail-road competition is already engaging the attention of Government. What will happen if the two pull in different directions? That they are so doing is evidenced from several cases. In my own province there is a very flourishing *mundi* at Okara. This is the biggest market in Northern India for wheat and cotton. Pakpatan is the headquarter of the Nili Bar colony. But as there is no big *mandi* there, all the agricultural produce from Pakpatan side goes to Okara. The distance by road is only 82 miles. The Punjab Government proposed a metalled road out of this Fund to connect the two places, but the Railway authorities have objected, and the result is that so far we are without this road. Honourable Members will feel shocked when I tell the House that the shortest circuit by rail between these two places is 110 miles and you have to change twice. Then, again, in our Province, the bus trade is in the hands of small owners, and most of the lorry owners are carrying goods and men on *kacha* tracks at very cheap rates—Railway interests demand stoppage of these lorries. The discontent resulting from any steps on a uniform basis as is contemplated in item (a) will create such discontent among thousands of lorry owners, lorry drivers, and the cheap travelling public, that law and order will be in danger. I know, the Road authorities and the Honourable Member in charge have been protesting against these objections by railway authorities. But what power has the Standing Committee in such cases? These cases are not even laid before the Committee. The addition of the Chief Commissioner for Railways on this Committee is a welcome change, but some provision should be made to consult this Committee.

I give another example of this clash between Provincial and Central Governments. Rs. 1,40,000 were sanctioned for a colony road in the Punjab by this Committee. Although there was no provision in the old Resolution to withdraw that grant, yet that grant was actually withheld, and it was after strong protests and unpleasant correspondence between the two Governments that it has been restored. I have quoted these to show the unpleasantness, that is in store if some assurance is not given that this power will be reserved for extreme cases of default. I hope Government have secured the concurrence of Provincial Governments and the

Honourable Member in charge will elucidate this point for the satisfaction of this House. I personally feel that sooner or later a separate portfolio for Communications will have to be set up here, so that this subject can get the amount of attention that it deserves. Rail-road clash will then be minimised.

Sir, with these few remarks, I support the Resolution.

Mr. F. E. James: Sir, I should like to ask one question that relates to one of the minor points to which the Honourable Member for Industries and Labour referred, quite unwarrantably I think. In the old Resolution it was laid down that the portion allotted to a Governor's province shall be placed at the disposal of that province in one or more instalments "as soon as the distribution can conveniently be made". Under the existing Resolution, those allotments are made, I understand, to the balances of the provinces with the Government of India, and, therefore, until they are used on actual expenditure, presumably the interest which accrued to those allotments would be credited to the balances of the Provincial Governments. Now, under the revised Resolution the portions allocated for expenditure are to be retained by the Governor General in Council until they are "actually required for expenditure in each case in the manner hereinafter specified". I, therefore, presume that, until they are actually required, this money which previously used to go in instalments to the provincial balances will be retained by the Governor General in Council, and, therefore, will form part of the Central balances and that as and when expenditures are authorised, grants will be made presumably to the accounts of the provinces with the Reserve Bank. In that event, therefore, the Governor General in Council does gain by this Resolution to the extent of interest which he derives from the retention of the allocations which have not been transferred to the provinces. I shall be very glad to be assured as to the precise procedure on that point. What will happen to the interest at present gained by the provinces owing to the allocation of these amounts to provincial balances?

The Honourable Sir Frank Noyce: Sir, I am somewhat at a disadvantage in replying to what has fallen from the Honourable Members who have taken part in the general discussion on the Resolution as fundamental questions of policy have been raised in the amendments. I do not, therefore, propose to refer to those now as I shall have an opportunity of doing so later on when the amendments are moved. I propose to confine myself merely to a few general remarks. My Honourable friend, Mr. Morgan, referred to what I think he called Sir George Schuster's pledge when the Road Development Fund was first started that the proportion of the petrol tax assigned to that fund would be used and was being imposed only for the specific purpose of road development. That is perfectly true and I challenge any Honourable Member in this House to point out any respect in which there has been a change from that policy in this Resolution. Every penny that will be raised in the future and is assigned or allocated under this Resolution will continue to be used for the specific purpose of road development and for no other purpose. Mr. Morgan said that there has been a sharp departure from the policy which had hitherto been observed. There has been no departure whatsoever from the policy which has hitherto been observed of using the money in the Fund for the purpose for which the Fund was created. All that we are doing is to attach conditions in order to ensure that the money is promptly and efficiently spent

[Sir Frank Noyce.]

for that purpose. My Honourable friend, Mr. Morgan, said that these conditions should have been thought out earlier, but the answer to that was given in the speech on this subject that I made last year in this House when I pointed out that nobody, seven years or so ago when the Fund was created, could foresee the rapid development of motor transport and the new problems that it would bring with it. We may have been short-sighted, but that short-sightedness was certainly shared between us and the Members of this Legislature when they started the Fund and wanted it used, as it was originally, in the main for trunk roads.

There is always a difficulty in discussing road questions in this House. On the one hand, we have the upholders of motor transport who say that the Road Development Fund is raised from the users of motor vehicles and that, therefore, it should be spent on the roads which they use. On the other hand, we have my Honourable friend, Captain Lal Chand, who was I think supported by the Deputy President who argues that far more of the Fund should go to village roads on which motor transport at present is not possible. It is very difficult to reconcile those two interests. I submit that this Resolution is an honest attempt to do so. My Honourable friend, Mr. Morgan, contended that road development on sound lines should be subject to no hindrance at all. I can assure him that road development on sound lines will not be subject to any hindrance as the result of this Resolution. No province which is willing to go forward with development on such lines will find itself fettered in any way by the terms of the Resolution. My Honourable friend, Mr. Morgan, asked for a definite assurance that proposals for resumption should be laid before the Standing Advisory Committee. He is not satisfied by the provision in paragraph 10 (d) of the Resolution which includes among the functions of the Standing Committee:

"To advise upon proposals for the resumption of monies held by the Governor General in Council as provided for in sub-paragraph (3) of paragraph 3 of this Resolution".

I should have thought that it was perfectly clear that, if the functions of the Standing Committee are to advise upon proposals for resumption of money, all such proposals must be placed before them for their scrutiny and advice. If it is not quite clear, I should like to make it perfectly clear to my Honourable friends that that is the intention and that it will be observed. My Honourable friend, the Deputy President, who was supported by Captain Lal Chand regards the Resolution as an attack, veiled or open, I am not quite sure in which light he looks at it, on provincial autonomy. It is nothing of the kind. The provinces will be just as free after this Resolution as they were before. If they are willing to co-operate with the Centre, the Centre will be willing to co-operate with them. Surely as I endeavoured to emphasise in my opening speech, it is not inequitable that the Government of India and this Legislature should attach conditions to grants which they make. If you give away money, you certainly can ask and indeed demand from the recipients of the money that they should spend it in the way you suggest. They are under no obligation whatever to accept the money. No province is forced to apply for grants from the road fund. If they prefer to go their own way, if separatist tendencies appear, which I hope will not be the case, if they say that they will not spend the money in the manner suggested to them, that they will not control motor transport in the way we recommend to them, then

they are at perfect liberty to do so and to do without the money. The justification for their case will be placed before the Standing Advisory Committee for its views which will doubtless come to this House in due course. I do not see where and in what the alleged attack upon provincial autonomy consists. Surely, it is an attack on the autonomy of the Centre that the Centre should be compelled to give away money which could be used to its detriment.

My Honourable friend, the Deputy President, objected to the presence of the Chief Commissioner of Railways on the Standing Advisory Committee and said that that was a departure from the existing procedure. That is not the case. The existing Resolution provides for two nominated official Members, one of whom shall be a Member of the Legislative Assembly. We can, therefore, under the existing procedure nominate a Railway official. It seemed to us advisable that the Chief Commissioner, Railways, should be a Member of this Committee and, as my Honourable friend, Captain Lal Chand, said, the Standing Advisory Committee have always found him a very useful and reasonable member. His membership of the Committee, which is now made permanent, enables him to get into touch with the views of the Members of this House and of the other House on road questions in a way that it would not otherwise be possible for him to do.

Captain Lal Chand asked why we have omitted the provision in the Resolution that I had intended to move in the Simla Session in regard to specifying the percentages or rather the proportions in which the amount available from the provinces in the Road Fund should be spent on different classes of roads. He seemed to suspect the hand of the capitalist and the hand of what he called the upper classes in that omission. I can assure him that his suspicion is quite unfounded. The only reason why we have made it is that, on consulting Local Governments, we found that they were of the view that there would be difficulties if we adopted a uniform percentage for all provinces. The conditions in different provinces differ very widely. Some provinces, such as, Assam, have very few roads at all, whilst others have an extensive system of main roads, the degree of competition of which with railways varies from province to province. Some provinces, again are better off than others in the matter of feeder roads. That is the reason, why we have deleted this provision. It is our intention to get the Standing Advisory Committee to help us to secure the proper balance between the different classes of roads in the different provinces as far as possible. We may work out for our own information and guidance some sort of percentages of expenditure which seem to us suitable for the different provinces and we shall then ask the Standing Advisory Committee to help us to secure that expenditure from the Road Fund on the provincial road systems is based, more or less, on those percentages. My Honourable friend, Captain Lal Chand, is specially interested in rural roads and the paper which he read before the last Road Conference showed that he knows a very great deal about them. I do not know whether he proposes to move his amendment after what I have said.

Captain Rao Bahadur Chaudhuri Lal Chand: If an assurance is given that Local Governments will be asked to send up schemes of inter-village roads for grants, because this Committee or the Government of India cannot undertake any schemes of their own accord, if a hint is thrown to them that they should send schemes for inter-village road development also, then I do not propose to press my amendment.

The Honourable Sir Frank Noyce: I am not quite sure whether I can give my friend as definite an assurance as he could wish, but, as there is a possibility that he may not move his amendment, I should like to tell the House something about what we are doing in this matter of rural roads and this is perhaps the most convenient opportunity for doing so. Captain Lal Chand has very properly drawn the attention of the House to the very grave and difficult problem which is presented by the unmetalled roads of India. The House is, I think, fully aware of the fact that most of the public roads in India (that is, those maintained by the provincial Public Works Department or local bodies), and the entire mileage of village roads are unmetalled. That must remain the position for very many years, because India cannot afford to construct and still less to maintain a largely increased mileage of metalled roads. The unmetalled road is of very great importance. It is the road on which the rural community principally rely and over which, as I have pointed out on many occasions in this House, practically every maund of agricultural produce has to be carried before it reaches the metalled road on its way to a market. A few generations ago the unmetalled roads served the needs of the population reasonably well. But with the increase of the population, the development of the travel habit, the replacement of subsistence farming by the growing of money crops which have to be carried to market, (a recent instance of this, of which Honourable Members are fully aware, being an increase in the cultivation of sugar-cane, all of which has to be carried to refineries instead of being crushed in the villages) the wear and tear on unmetalled roads has greatly increased during a period in which it seems to me, at any rate, that they have been progressively neglected. In fact, the view was recently widely held that the unmetalled road is a hopeless proposition and that nothing whatever can be done with it. I do not think that that is the correct view and I would further point out that if it is, the prospects of any real improvement in rural communications are gloomy indeed. I do not underrate the difficulties. The climate of India, the soil which is met with over very large areas, and the very heavy loads which are carried on unsprung two-wheeled bullock-carts in the fertile plains, all combine to render the problem far more difficult than its counterpart in a country like the United States of America with incidentally far greater resources. I am glad to say that some attempt is now being made to improve these roads. These attempts have so far been based on what I may call practical engineering proposals, that is to say, upon proper grading and drainage with some little mixing or blending of soils, where possible, or the use of gravel, grassing, and so on.

In the course of this work, it has, I understand, become apparent that the possibilities of scientific treatment of soils to improve their carrying capacity must also be explored. It has, in fact, become necessary to have a thorough understanding of the physical and chemical properties of soils which go to make good, bad or indifferent earth roads and to endeavour from that understanding to determine whether the good cannot be made better and the others made less bad by economical, physical and chemical treatment. This is a matter for scientific research. It is not possible for every Local Government to set up a research organisation, and we are, therefore, considering on the advice of the Indian Roads Congress, whether we cannot provide funds from the Reserve in the Road Fund for the necessary research, which will eventually, we hope, be organised as a branch of agricultural research with the co-operation of the Imperial Council of Agricultural Research. In the meantime,—and this is a point which I

hope will satisfy my Honourable friend, Captain Lal Chand, ~~we have~~ recently, at the instance of the Standing Committee, drawn the attention of Local Governments to the importance of the unmetalled road in the chain of rural communications, have indicated that we favour all reasonable use of the Road Fund for its improvement and that we are prepared to encourage, and hope that Local Governments will encourage, any experimental work in this connection which appears likely to bear fruit. I trust my Honourable friend will be satisfied that the development of rural communications is engaging our close attention and will continue to do so.

I have little more to say, but arising out of what the Deputy President said, I should like to point out one way in which we are helping Local Governments to which I did not refer in my opening remarks, but which appears to be worth mentioning now. I think it is important to notice that the new paragraph 7 (4) of the Resolution enables us to meet from the Road Fund "charges, including the cost of establishment, connected with the preparation of schemes of road development, or with the administration of provincial Boards of communications". We may be asking Local Governments for something in return for the money we give them. But we are also prepared to give them all the possible help we can in providing us with that something for which we ask, namely, a balanced system of communications. I maintain, Sir, as I said at the outset, that the object of this Resolution is to secure that balanced system of communications, and I trust the House will recognise that and accept it.

Mr. President (The Honourable Sir Abdur Rahim): The Chair will now take up the amendments one after the other, and when an amendment has been moved and discussed, it will be put to the vote of the House.

Mr. F. E. James: (Sir, I beg to move:

"That part (a) of sub-clause (3) of clause 3 be omitted".

In moving this motion, I should like to express the hope that I may have a reply to my question.

The Honourable Sir Frank Noyce: I am very sorry I did not give the Honourable Member a reply to his question. One is very apt, in the course of replying to a general discussion of this kind, to overlook important points, and I owe my Honourable friend many apologies for not giving him a reply to a specific question. He is perfectly right in what I think was his view that, in future, under the provisions of the revised Resolution, Local Governments will not be able to obtain interest on the amounts credited to them, if that is the procedure at present. The amount involved could not, in any case, be large, and I would ask my Honourable friend whether there is any justification for allowing interest. The provincial shares for the Road Fund have in the past been added to the provincial balances. Is there any reason why Local Governments should use money, which is given to them for the specific purpose of developing roads, to improve their ways and means position? Obviously, it is only the provinces which have not been spending allotments expeditiously who get that advantage. The fact that they get it is a definite encouragement to them to pursue dilatory courses, and that is one of the reasons why we are amending the Resolution in this respect.

Mr. F. E. James: Sir, I thank the Honourable Member for his explanation, though I rather suspect he read more into my question than I intended. I only asked for information and had no sinister intent such as he suggested in his last few sentences. This amendment of mine we regard as an important one, and I would ask the House to dwell for a moment on the precise meaning of this Resolution.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member had better move the amendment.

Mr. F. E. James: I move:

"That part (a) of sub-clause (3) of clause 3 be omitted".

This Resolution is merely a recommendation. It has no statutory authority behind it. It recommends to the Governor General in Council that a certain line of policy should be followed, and I understand that the object which the Government of India has in placing this Resolution before the Legislature is to secure the sanction of the Legislature to a particular line of policy, and, therefore, we are asked to subscribe to the principles which are laid down in this Resolution. Now, the Honourable Member for Industries and Labour said in his opening speech that this Resolution was very much the same as the Resolution which he himself moved in 1934, except. . . .

The Honourable Sir Frank Noyce: I do not think I said that. What I said was that it was very much the same as the one I moved in the Simla Session. I never contended for a moment that it was very much the same as the one I moved in 1934.

Mr. F. E. James: I misunderstood the Honourable Member. But I want to make the point that this is a very different kind of Resolution from the one which was accepted by the House in 1934 and that there are some major changes. This is one of them. I will not mention all the other ones but this is really a most important one. Here is the clause now inserted:

"If in the opinion of the Governor General in Council the Government of any Governor's province has at any time failed to take such steps as the Governor General in Council may recommend for the regulation and control of motor vehicles within the province, the Governor General in Council may resume the whole or any part of any sums which he may at that time hold for expenditure in that province."

That is a fundamental change and it prompts the question, what has really happened since this Resolution was last placed before the House, to justify such a fundamental difference? It is the kind of difference that one does not expect in a resolution moved by the Honourable Member for Industries and Labour. Is it possible that for some reason or other the iron has entered his persuasive soul and he is anxious to leave something behind which is unlike most of his previous Resolutions or even his general line of legislation? There is such a fundamental change that one cannot help asking what is the real motive for making the change. I cannot believe that the Honourable Member has suddenly gone *Nasir*! I hope he will not use his well-earned retirement in taking up that line of thought. There is certainly something a little sinister in this particular clause. What is the reason for it? What is the fundamental reason?

Have the Local Governments been obstructive? If they have, the constitution provides amply for it, because up to the present time they have been under the superintendence, direction and control of the Government of India, which has plenty of power under the present Government of India Act to bring them to book. If it is not therefore the obstruction of the provincial Governments in the matter which has forced the Government of India to consider arming themselves with this specific and unashamed weapon, what is it? What is the foreign element which has crept into the situation?

Before developing that, I want to suggest to the House that this new clause is contrary to the original conception of this fund and I shall trouble the House for a moment to read one or two passages which have in past days laid down the Government policy on this matter. Here is a passage from the speech of the Honourable Sir George Schuster on the 28th February, 1929, in introducing his general budget, where he refers to the Finance Bill and the provision necessitated by the recommendations of the Indian Road Development Committee, and he says:

"I have to make it perfectly clear that it is a measure of taxation which is not designed for the advantage of the general revenues of the central Government, but for a specific purpose which has been unanimously recommended by the Committee and which I have no doubt will be welcomed by the House."

There is no mention there of any conditions laid down—no mention whatever, that if a province did not do its duty in regard to the regulation of motor vehicles the Governor General in Council might be empowered to resume the whole or any part of the allocation. Oh, no. The whole idea of this fund was that it should be collected for a specific purpose, that that specific purpose should be the furtherance of road development in the provinces and that the money gathered by this additional tax on petrol should be used for that purpose alone, no fundamental conditions being attached. Then, I would remind the House of the Honourable Sir B. N. Mitra's speech, in 1929, moving the resolution. He said:

"The provincial Governments generally were opposed to any form of control by the central Government or the Legislature through its standing committee on expenditure by the provincial Governments from sums allotted to them from the proceeds of the additional taxation, and that they held generally that their respective shares should be handed over to them from year to year, giving them complete freedom to spend the monies in any way they might like on road development".

He added that one of the provincial Governments wanted to have freedom to spend a portion of its share on general purposes. The Government of India were inclined to think that as the taxation was voted by the Central Legislature for a particular purpose, the Central Legislature would be perfectly justified in assuring itself through its standing committee that the money was being spent as intended. There is no reference here to motor vehicle regulation. The only qualification was that the money should be spent for the purpose for which it was intended, and there was no mention of any external qualification or limitation of the power to distribute the money for that purpose, such as is envisaged in this particular clause. Then, in 1931, the Assembly adopted a supplementary resolution to the resolution above referred to.—the one I have just mentioned—"provided that in view of the financial stringency at that time the grant to the provinces might in special circumstances and upon the advice of the Standing Committee for Roads be made available.

[Mr. F. E. James.]

temporarily for expenditure on the ordinary maintenance of roads, on condition that Local Governments when conditions improve shall provide any sum so applied for schemes approved by the Governor General in Council." Again, there is no mention of this external and extraneous consideration of the control of motor vehicles being carried out by a provincial Government in accordance with the desires of the Government of India. Then, in 1934, the Honourable Member for Industries and Labour himself moved a resolution in supersession of the previous ones, and there again there was absolutely no mention of this condition being made. There are details which varied the resolution of 1934 from the resolution of 1931—the time limit of five years for a maintenance basis was repealed; a provision was made to allocate shares of additional taxation of motor spirits used by air transport for civil aviation purposes; the portion of the annual block grant retained by the Governor General in Council as a central reserve was increased to 15 per cent.

Now, my Honourable friend, Mr. Morgan, has suggested an increase to 20 per cent., and I suppose somebody else will ask one day
 1 P.M. that it should be increased to 50 per cent., and that more precise particulars should be laid down in respect of the objects on which the grants could be expended, and so on. There is no mention here of any condition on which the Governor General in Council should, through a policy sanctioned by this House, be empowered to resume all or any of the allocations on account of lack of efficient control of motor vehicles in the provinces. Therefore, I think, Sir, there is some justification for the feeling that this year, for some reason or other which has not yet been frankly disclosed, and I hope it will be disclosed in the course of this debate,—the original purpose of this fund has been lost, or rather in sight of being definitely lost. I am very glad to see my friend, Mr. Mitchell, in the House. He, of course, should be dressed in more sombre garments, because as a matter of fact he is attending the obsequies of the original purpose of his own Committee and his own Report! Therefore, the first point is that this is contrary to the conception which produced this policy originally in the House and which was behind the creation of this road fund. If it is not, I should like it to be explained exactly in what way this provision is entirely consistent today.

Then, Sir, I go further and suggest to the House that this provision is contrary to the whole spirit of the Government of India Act of 1935. . .

Mr. S. N. Roy (Government of India: Nominated Official): What spirit is contrary to the Government of India Act?

Mr. F. E. James: I have not had time to explain myself, and I shall endeavour, if my Honourable friend has a little patience, to substantiate that statement by one or two reasons, with which he may or may not agree. But I am anxious to obtain from the Government of India the precise reasons for this provision. The Fund is not a statutory fund. It exists entirely at the discretion of the Government of India subject to the declaration of policy set out in the Resolution for which the Government of India is now seeking. . . .

The Honourable Sir James Grigg (Finance Member): I notice that you concede that it is our money.

Mr. F. E. James: No one ever denied it, and I only mention it in case it escaped the attention of the Honourable the Finance Member.

The Honourable Sir James Grigg: It has not, I assure you.

Mr. F. E. James: Exactly. We are now getting warmer, or rather near to the real point that is behind this particular clause! I am very glad to have drawn the attention of the Honourable Member to it so early as this,—I am very glad indeed. Paragraph 8 plainly states in very blunt language that while the House should adopt a general policy in regard to the expenditure of this fund, it should also agree that that policy should contain an element of coercion in respect of a matter which under the Government of India Act of 1935 is exclusively within the sphere of Provincial Governments. Motor vehicles, if Honourable Members would care to look up the Government of India Act, are to be found in the concurrent list. Now, the concurrent list is divided into two parts,—Part I consists of subjects in connection with which it is not within the competence of the Federal Legislature to enact laws except for purposes of co-ordination or convenience. That is definitely laid down in the Government of India Act, and motor vehicles is in Part I, not in Part II. And here it is suggested that this House should give its assent to a policy which implies a coercive measure in respect of the regulation of motor vehicles. We are being asked to give the Government of India a *carte blanche* to achieve co-ordination or convenience by means of coercion. Even the Motor Vehicles Amendment Bill which the Honourable Member for Industries and Labour introduced under the existing constitution did not attempt any coercion at all. In fact, that was one of the arguments in favour of the Bill which he adduced most strongly. That Bill was, as it was intended to be, a permissive Bill and nothing else. Now the power of direct interference or intervention on the part of the Federal Government is limited to the subjects mentioned in Part II of the concurrent list, and the subject of motor vehicles is not in Part II of the concurrent list,—it is in fact in Part I, and in regard to Part I, the intervention or rather the enactment of laws by the Federal Legislature is specifically stated to be used only for the purpose of co-ordination or convenience. Now, Sir, I am quite prepared to admit that it is possible for a Provincial Government through its exclusive control of motor vehicles to damage an interest which is federal, but then surely the Government of India have under the Government of India Act power to intervene, and to intervene effectively, in such an event. That being so,

Mr. S. N. Roy: May I ask by what power the Government of India can secure it?

Mr. F. E. James: It is contained in section 126 of the Government of India Act, 1935,—I am not quite sure,—I cannot recollect at the moment whether it is sub-section (1) or sub-section (2), but there are two sub-sections to that particular clause. My point is this,—if that is the case, and I do not deny that I may be wrong,—my reading of the Act suggests that it is the case,—what is the necessity to adopt a clause in a statement of policy which, if agreed to, would give our consent to the Government of India to resuming all or any part of an allocation to the provinces of this fund if in the opinion of the Government of India the

[Mr. F. E. James.]

provinces have not done their duty in connection with the control of motor vehicles, an item which is essentially a provincial item. I do submit that it is contrary to the spirit of the new Act,—and also to the spirit of that “majestic structure” of provincial autonomy which we are so frequently enjoined to admire with increasing self-satisfaction. I also suggest that it is not necessary. This Resolution does not detract from or add to the inherent power of the Government of India to deal with its revenues as it likes, and therefore it is quite unnecessary to have this provision. I further suggest that it is unfortunate both in time and in content, and that for the persistence of the Government of India in including this clause in the Resolution there must be some very definite reason. Of course, the reason is quite clear. The Chief Commissioner of Railways is going to appear for the first time on the Standing Committee for Roads for the first time. The reason is the railways, which are happily emerging I hope from their slump. (Interruption by Lieut.-Colonel Sir Henry Gidney which could not be heard at the Reporters’ table.) I cannot conceive that my Honourable friend, Sir Henry Gidney is so simple as to think that it is not possible. It will be a most effective weapon in the railway interests. . . .

The Honourable Sir Muhammad Zafrullah Khan (Member for Commerce and Railways): The opposition to it may possibly be inspired by some other interests which may also be equally obvious.

Mr. F. E. James: It may be obvious to the Commerce Member, we are not in his secrets, but. . . .

The Honourable Sir Muhammad Zafrullah Khan: Perhaps other Honourable Members are not.

Mr. F. E. James: We have to take what appears to be the obvious reason.

The Honourable Sir James Grigg: As we have.

Mr. F. E. James: Now the sword is unsheathed, it is quite naked, whether it is in the hands of the Honourable Member for Industries and Labour or the Honourable Sir James Hitler (Laughter.)—I mean Sir James Grigg. I am quite aware that my Honourable friend, the Member for Industries and Labour, has, metaphorically with his hand upon his heart, said that this particular clause is not going to be used to the detriment of road development, but I am afraid that his assurance really, although I take it in the spirit in which it is meant, is not of great value. In any case, even if it were absolutely binding upon successive Governments,—if that be the case, then why this clause? If it is not to be used for the defence of railway interests, if it is not to be used for the coercion of provincial Governments, if that is not the case, then why have the clause at all? I suggest that this display of unnecessary force at this juncture, and taking into consideration all the circumstances, is calculated to breed mistrust and a spirit of truculence on the part of provincial Governments. I am not interested in the views of Local Governments at present on the subject. After all, my Honourable friend knows that

they are about to expire. But how will this react on the new Governments that are coming into existence on the 1st April? I do suggest that if such an item as this is to be brought into the resolution, the proper time to bring it up—and possibly bring up the resolution in some other form—would be after the constitution of the Federal Legislature in which the Provinces and the States will be properly represented. I am quite aware that the argument may be used that this is all negative criticism. I think everybody in the House recognises the difficulties of the situation. What is our suggestion? In every Federation there are large areas of possible conflict between the Federation and the units, especially in the economic sphere. It is the experience of Federations like Australia and Canada that those areas of conflict are growing and, therefore, the statesmen in those countries, (and I hope statesmen in this country will take note of this)—the statesmen in those countries are doing what they can do to build up co-ordinating machinery which would minimise those points of conflict and encourage co-operation. I suggest that, instead of having these weapons taken with the sanction of the Legislature in such explicit terms, the Government of India would have been better advised to have pressed forward with schemes for co-ordination such as the formation of a Ministry of Communications which would be responsible for co-ordination, and the transformation of the misnamed Transport Advisory Council, into a real Advisory Council of the interests concerned with road development to advise the Minister for Communications. I am going to suggest that if the Fund is to be continued it should be placed on a more permanent basis with a Committee on which the provinces as such are represented,—not the Advisory Committee as it is at present, which, although it is excellent in its work, is in a sense representative of fortuitous circumstances in this House in the formation of parties and political groupings. These are the things that we would press forward. This is not the time to ask this House to accept a clause which affects a matter which is primarily a provincial concern and in connection with which the Government of India is to be at one and the same time a party to the suit, public prosecutor and the chief and sole judge. Therefore, on these grounds I urge that this House should not agree to this clause and I move for its deletion. (Cheers.)

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

“That part (a) of sub-clause (3) of clause 3 be omitted”.

The discussion on this amendment will be resumed after Lunch.

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

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

Mr. O. H. Witherington (Assam: European): There is one point in the wording of this paragraph which we are now discussing on which I should like to have some elucidation from the Honourable Member in

[Mr. C. H. Witherington.]

Charge. It is possibly a point that has occurred to other Members of the House and I think that it would be useful at this stage of the discussion if we could have some interpretation put upon the wording. The paragraph reads :

"(a) failed to take such steps as the Governor General in Council may recommend for the regulation and control of motor vehicles within the province".

My point is this: What form will that recommendation take? Will the recommendations be in the form of a permissive Act passed by this Legislature which authorises the provinces to make their own set of rules, or will it be in the form of a set of rules formulated by the Governor General in Council for each province which the Governor General in Council recommends each province to put into effect? I consider that the paragraph in its present wording is far too wide and it gives the power to the Governor General in Council to formulate his own set of rules which he will recommend for adoption in the various provinces. I do not consider that wide power is right, for it cannot be expected that the Governor General in Council can have a proper conception of the various and varying conditions which obtain in each province. For example, in my own province, Assam, conditions are very different, as one can easily imagine, from conditions in Madras, Bombay or any other province. We have our special problems to consider and those, in my opinion, should be more within the ambit of the Local Governments to study and to formulate provisions for their settlement, than for the Governor General in Council. The Local Governments must have a proper appreciation of what is necessary in their provinces. Therefore, it would possibly be more desirable that power should be given, not to the Governor General in Council to formulate those rules, but the Governor General in Council in consultation with the Local Governments. If this amendment which has been moved by my Honourable friend, Mr. James, is passed there will be no need for us to worry and all will be well. I feel certain that Local Governments are fully aware that the regulation of motor vehicle traffic should be brought under control. They will therefore make their own rules to suit their differing conditions. But if this amendment is not passed and the paragraph stands as it reads at present, then, I submit that some alteration should be made in it in order to allay the fears of the Honourable Members here present who represent all provinces, because at present as it is worded it gives a blank cheque to the Governor General in Council to fill in as they like.

Khan Bahadur Sir Abdul Hamid (Nominated Non-Official): The Honourable the Mover of the motion seems to have made three points in his speech. He said that when the idea of a road fund was first propounded—I think he quoted from the speeches of Sir George Schuster and Sir Bhupendra Nath Mitra—no condition of the sort now proposed by the Government of India was proposed or contemplated at the time. Secondly, that the present proposal trenches on the field of provincial autonomy, and, thirdly, that the Government of India would be better advised to wait till the Federal Constitution came into force. I am afraid that these points betray a complete misconception of the basis of the scheme. First of all, I maintain that there was a condition attached and that condition was that the road fund would be earmarked for road development in the

country. That the Government of India, at the time of the inception of the scheme, provided no safeguard against lack of co-operation or dilatoriness in execution of schemes of road development on the part of any province or failure to carry out any policy designed to promote co-ordination and uniformity of conditions governing the regulation and control of motor vehicles was clearly an omission which should be rectified particularly in the light of the experience the Government of India have had of the working of the scheme. Sir, I fail to comprehend how the proposal encroaches on the sphere of provincial autonomy. The position is simply this. The road fund is fed from a central source of taxation, and the Government of India are prepared to offer grants to the provinces from this particular fund subject to certain conditions. They are not going to compel the provinces to accept those grants *volens volens*, but what they are entitled to say is this: Do you want a subsidy or grant from Road Fund? If you do, you shall have to accept our conditions. But if you find our conditions irksome or unacceptable, we are not going to force those grants on you. This attitude on the part of the Central Government cannot be regarded as an invasion of provincial autonomy.

The Honourable the Mover's advice to the Government of India to hold the proposal in abeyance till the advent of federation is not sound. On the contrary, I believe that the Government of India have been well advised to seek to assume a very necessary reserve power at the present juncture. The Government of India will have gained valuable experience as regards the operation of this particular proposal by the time the Federal portion of the constitution takes effect, and then it would be open to the Federal Government or the Federal Legislature to retain it or alter or amend it in such manner as they think best. After all, what is it that the Government of India are asking? They propose to arm the Governor General in Council with power to resume, in certain eventualities, a grant made to a particular province. The Honourable Member in charge of Industries and Labour has given the House a definite assurance that this power would be used in very rare cases. An effective check on its arbitrary use has been imposed by the provision that proposals regarding resumption of provincial grants will be referred to the Standing Committee on Roads, which would include representatives of the Central Legislature. Through the medium of the Standing Committee, the Legislature will be in a position to ensure that no unfair or arbitrary decision is arrived at. There is another very important aspect to which I wish to call the attention of this Honourable House. The proposal is conceived in the best interests of the rapidly increasing motoring public. If there was no co-ordinating authority, or that co-ordinating authority had no power to enforce its policy in regard to the regulation and control of motor vehicles, the motoring public would be bound to be subjected to serious inconvenience and harassment in connection with registration of vehicles and licensing of drivers. There would be a diversity of conditions in the provinces, and the motoring public would be the sufferers. It would, therefore, be in the best interest of the motoring public to arm the Central Executive with some power to insist that the provinces shall carry out the policy which will be laid down by the Central Executive in consultation with the Standing Committee. Of course, nobody will deny that the provinces are themselves quite alive to the importance of road development and proper regulation and control of motor vehicles, but the Central Government which undertakes to finance the provincial schemes of road

[Khan Bahadur Sir Abdul Hamid.]

development cannot be deprived of its right to see that the policy it chooses to adopt in this sphere shall be carried out. That can only be done expeditiously and in a spirit of prompt and complete co-operation.

Sir, I oppose the motion. (Loud Applause.)

Captain Rao Bahadur Chaudhuri Lal Chand: Sir, I must congratulate my friend, the Honourable Mr. James, for the very lucid exposition of the situation. In my speech on the motion for general consideration I referred to this clause 3(3)(a) as a sting. I also pointed out that this will not only be resented by the Provincial Governments but might create a very unpleasant situation. The Honourable Sir Frank Noyce has, however, stressed the point that the Fund is our own creation, and we should be the final authority in matters of detail. Even then, I would have supported the Honourable Mr. James, if it were not for the fact that better sense has prevailed since October last and in the new Resolution a separate clause (d) has been added to paragraph 10. This clause did not exist in the Resolution which was circulated to us at Simla. The clause reads:

"To advise upon proposals for the resumption of monies held by the Governor General in Council, as provided for in sub-paragraph (3) of paragraph 3 of the Resolution."

Now I have been pressing for the rights of the Standing Committee. According to this clause, every such case will come before us before the Governor General in Council takes any action. Surely, then, if this Committee comes to the conclusion that the attitude taken by a certain Province was unreasonable, then there is no harm in recommending resumption. This is, after all, a temporary arrangement and as was pointed out by the Honourable Mr. Morgan, the Legislature will have to be approached sooner or later for giving this Fund a statutory shape. Rail-Road competition will also have to be solved by having a common ministry of transport, otherwise the two arms of Government will be pulling in opposite directions. So I think that, with this addition in paragraph 10, we should not press this to a division. The point has been fully stressed, and as we have not been ignored on the Committee, as was the case in connection with the October Resolution, we should feel satisfied with having brought this to the notice of Government.

Sir, one word more before I resume my seat. These differences give good material for academical discussions, but they are detrimental to the best interests of the Government and of the country. Government should act as one body; otherwise, these clashes will have a very bad effect on the administration. For, after all, roads as well as railways are limbs of the same body. I am here reminded of the story of an old *faqir* who had two disciples, and with your permission, Sir, I quote this in order to break the monotony of the House. (Hear, hear.)

Mr. Deputy President (Mr. Akhil Chandra Datta): Do, do.

Captain Rao Bahadur Chaudhuri Lal Chand: This *faqir* was an elderly fellow and was in the habit of getting his legs pressed before going to sleep. One disciple was in charge of the right leg and the other in charge of the left leg. One day the one, in charge of the right leg, had to go to

another village and he asked his brother disciple to press his leg also. The other disciple, after finishing his task, looked upon this extra work as *begar* and, in an angry mood, pressed the old man's knee so hard that it got dislocated. The *faqir* went on crying for pain till next day when the absentee *chela* arrived and administered medicine to his leg. It took him 3 or 4 days to set the knee right. After some days the other *chela* also, had to go out, and asked the former to look to his leg. This *chela* was bent upon taking revenge. So he got hold of a heavy club (*lathi*) and after pressing his particular leg began to give a beating to the other leg of his *guru* and he thus broke the leg-bone of the old *Sadhu*. (Laughter.) Sir, the moral is clear: "Do not allow one Government to deal with the other's legs or departments in an unfriendly way; otherwise, the *Sadhu's* life will be in danger." (Hear, hear.) (Loud Applause.)

The Honourable Sir Frank Noyce: Sir, my Honourable friend, Mr. James, asked me the cause of the great change that he thinks has come over me during the last year or two. I am going to return the compliment, in spite of the fact that the "*tu quoque*" is always a rather poor form of argument, and ask him what has happened to him in the last twelve months? Sir, in the days of old there was someone—I have forgotten who it was—who appealed from Philip drunk to Philip sober. I am not going to appeal from James drunk to James sober, for I know that my Honourable friend's habits are as temperate as my own. But I am going to appeal from the James of today to the James of February the 27th, 1936. A year ago my Honourable friend explained to this House the changes which may arise out of Federation in words which I had better quote. He reminded us of these words this morning but I will give them in full from his speech of last year during the course of the discussion in the Railway Budget. He then said:

"There is, in different Federations in the world today, a growing danger of conflict in the economic sphere between the Centre and the individual units, and the separatist tendencies which are inherent in the proposed scheme for this country are likely to grow unless machinery to co-ordinate the various interests for the common economic good is set up."

With that point of view I entirely agree and it is in pursuance of that point of view that we are putting forward this Resolution today. We realise as fully as my Honourable friend the dangers that may arise in the years ahead of us when Federation is in full operation and I submit to this House that we are proposing no more in this Resolution than to set up some sort of co-ordinating machinery. It would, I presume, be argued by my Honourable friend that what he has in mind is voluntary co-ordination. But voluntary co-ordination is, I submit, always a very slender prop on which to rely. We have an example of the truth of that, as we all know only too well, in the League of Nations. Co-ordination without sanctions is useless and all that we are providing here is that there should be some sanction behind our efforts at co-ordination. I submit that it is a very mild form of sanction. But that is not the main argument in my Honourable friend's speech a year ago on which I would rely. I would invite his very special attention and the very special attention of the House to these words. My Honourable friend, like an Irish speaker in the House of Commons, has smelt a rat

[Sir Frank Noyce.]

and wishes to nip it in the bud: he has smelt behind this Resolution the rat of the railway interests. We have never denied that one of our objects, if not the main object, in bringing forward the Motor Vehicles (Amendment) Bill which was before the House last Session and the Resolution which is before it today is to enable us to deal with the state affairs in regard to road-rail competition which has arisen during the seven years which have elapsed since the original Resolution was placed before the House. This is what my friend said a year ago:

"Now, what is the remedy as far as unfair competition is concerned? We suggest that most of the unfair competition could be eliminated by the proper regulation of road transport and by effective measures taken, by Local Governments particularly, in the direction of seeing that those regulations are in fact carried out on the roads. I am quite aware that this is a matter which concerns the Provincial Governments intimately but it surely is a matter on which the Government of India should take the most urgent and drastic steps. We suggest, for example, that the following regulations are required."

And then my Honourable friend made certain suggestions as to the regulations which were required. What are we doing today?

Mr. F. E. James: Postponing the Bill to next Session.

The Honourable Sir Frank Noyce: That is not my fault; it was the wish of the House; the House wished its postponement; the House asked that it should be circulated for eliciting public opinion. Public opinion has not yet come in and it has to be carefully examined when it does. In any case, the Bill is merely an enabling Bill and does not in itself empower us to take "most urgent or drastic steps". The only step that we can take is the one which is now before the House. My Honourable friend has not suggested any other. All that he has put before the House is the possibility of a Ministry for Communications. That I can hardly believe is a drastic step and it is a step which apparently is not so much in favour with some of the interests that he represents as was the case a few months ago, judging from communications that have recently appeared in the press. The only other step he suggested, I think, was the re-organisation of the Transport Advisory Council. That, I agree, is a matter which is well worth consideration and it will be considered but he has not suggested any active step, any urgent and drastic step. All we have done in this Resolution is to adopt the suggestion that he himself put before the House a year ago and now he turns round and complains that this is neither the time nor is there any necessity for it. As for the time, what better time could one want than this before fissiparous tendencies begin to set in? As to the urgency, I am content to leave the House to judge between me and him. All I would say is—and I say it with great respect—that Mr. James's speech of a year ago struck me as being spoken with far more conviction than the speech he has given us today. One point that I should like to urge on my Honourable friend and his supporters is that, though he may believe—and with considerable justification—that this particular sub-paragraph of the Resolution has been included, as he would have it, in the interests of railways and, as we would have it, in the best interests of railways and roads together, it is also in the interests of those who seem to be most strongly opposed to it. There are ways in which there may be failure to co-ordinate

other than those in which railways are specially interested. Let me mention a few possibilities to my Honourable friend. There might easily be discrimination by one province against busses and lorries registered in another. There might easily be a refusal by some provinces to recognise a driving licence and certificates of registration issued by others. There might also be, as we all know, non-co-operation for reasons on which I need not enlarge. But I submit to the House: Are the Central Government and the Central Legislature to be tied hand and foot if that sort of thing happens?

Mr. F. E. James: You have the power now.

The Honourable Sir Frank Noyce: We have no power. How have we the power?

Mr. F. E. James: It is mandatory.

The Honourable Sir Frank Noyce: Whatever may be the case now, after the 1st of April there will be no power left. What I would ask my Honourable friend is this: does he really contend that if a Local Government acts in a manner detrimental to the rest of India, we have no option but to continue to make over to it its share in the Road Fund? That is the position.

My Honourable friend repeated an argument which was used by Mr. Morgan this morning that, when the Road Fund was constituted, there was no talk of any of these conditions. It is a little difficult to follow an argument like that put forward in a democratic Assembly. Are the hands of the Government to be tied for all time? Can they never change their policy? New circumstances arise, new conditions have to be dealt with. Can we take no action to meet them? That is why we have come to the House. We have come to the House to ask it to attach conditions which were not necessary when the original Resolution was put forward. I submit that that is a perfectly reasonable proposal. I should like to read to the House what was said by Mr. Jayakar, who, if anybody can be regarded as the father of the Road Fund, is certainly entitled to that distinction. This is what he said when the original Resolution was put forward and discussed in this House on 4th February, 1930:

"In accepting this view, the difficulties which my Committee felt were two, firstly, that the two annas petrol tax (*as it was then*) was a source of Central revenue, and, secondly, that the Legislative Assembly, being the custodian of that revenue, it would be wrong to suggest any arrangement by which the Legislative Assembly would be denuded of their powers of supervision and control. We could not therefore accept the view of the provincial representatives, which sought to convert the Government of India and the Legislative Assembly into a mere conduit pipe."

That is exactly what we are being asked to do today. We are asked to perform the function of a conduit pipe and those are not the functions that we are prepared to perform or that this Assembly should be willing to perform. Mr. Jayakar further says:

"The compromise which we found satisfactory was first to maintain some control which this Legislative Assembly could exercise as the custodian of the Central Revenues, and secondly, that such supervision or control should be strictly limited to the necessities of the case."

[Sir Frank Noyce.]

That is exactly what we are doing. We are asking this House to exercise its proper functions as the custodian of central revenues. We are not asking it to exercise any more supervision or control than we consider is necessitated by the case. Sir, I trust I have convinced the House that there is no justification for the amendment which my Honourable friend, Mr. James, has put forward.

I should like before I sit down first of all, in accordance with the pleasant custom which prevails in the Mother of Parliaments to congratulate my Honourable friend, Sir Abdul Hamid, on his able maiden speech and secondly, to reply to the point raised by my Honourable friend, Mr. Witherington. He asked what we mean when we say that the allocation to a Province will be resumed if it has failed to take such steps as the Governor General in Council may recommend for the regulation and control of motor vehicles within the Province. I think he is unnecessarily alarmed by that. It is certainly not the intention of the Central Government to compel the Provinces to lay themselves in a Procrustean bed. It is not the intention of the Central Government to deprive them of their rule-making power and to force them to accept its rules. That, obviously, would be most undesirable in the new era of provincial autonomy. If we can help them in framing the rules as we have done in the past,—a set of model rules were discussed by the Transport Advisory Council,—if we can help them in framing their rules, we shall be very glad to do so, but there is no intention whatever of forcing our rules upon any province. The point that would naturally be examined is whether they were framing any rules at all. What I would press upon my Honourable friend, Mr. James, is that the Motor Vehicles Amendment Bill is an enabling Bill. There is no guarantee whatever that the Provinces will exercise the powers which it gives them. None whatever. The only way of making sure that they do, is to say that, if they do not, they cannot expect assistance from the Road Fund. Surely that is not unreasonable. One would have to see that first of all the rules are framed and secondly that they were adequate. There is no intention whatever of forcing the Provinces to adopt any uniform standard of rules. All that is intended is to see that they use the powers which will, I hope, be given them by the Bill when it becomes an Act, for the purpose for which they are meant. The word 'coercion' has, I submit, been mentioned far too often in this debate. I would again repeat that I cannot see that there is any undesirable element of coercion in the attitude that "We are prepared to help you to develop your roads by giving you grants from the Road Fund. We want those roads developed in the best interests of railways and roads and if you are not prepared to do that, you cannot expect a grant". It also seems to me, Sir, that this House, or some Members of it, has been unduly suspicious of the intentions of the Government in this respect. We have provided a means by which the House can acquaint itself with what is going on and surely the House should have sufficient confidence in itself to see that the powers which this Resolution gives us are properly and wisely exercised. Sir, I oppose the amendment.

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

"That part (a) of sub-clause (f) of clause 3 be omitted."

The motion was negatived.

Mr. T. Chapman-Mortimer: Sir, I move:

"That in part (a) of sub-clause (3) of clause 3, for the words 'steps as the Governor General in Council may recommend' the words 'action as an Act of the Indian Legislature may provide' be substituted."

Sir, I have listened with close attention to what my Honourable friend, the Member for Industries and Labour, has said both when he moved his original Resolution and when he replied to my Honourable friend, Mr. James, who moved our Group's first amendment. I may say at once that I entirely agree with a great deal of what he says. However, it seems to me that he has, in fact, given me several arguments for the motion now before the House. He mentioned that there had been too much talk of suspicion and that he also deprecated the fact that this suspicion had been aroused—for whatever reason—in the minds of Honourable Members. I would remind him that the main reason for this suspicion is the very wide terms in which part (a) of sub-clause (3) of clause 3 is at present worded. It is because these words are so vague and give such apparently wide powers to Government that this suspicion has been caused. I say, *apparently* gives wide powers to the Government because I have very grave doubts as to the use that this Resolution will be after the 31st March of this year. It brings me to the main theme of my speech, namely, the propriety of the clause as it stands at present. The Honourable Sir Frank Noyce has indicated that he is out to defend the interests of the Centre and of this House. With that I am in entire agreement and it is on that ground that I move the amendment before the House. He has also said that his object is to obtain some means of power which will enable him to co-ordinate the various rules and other matters governing motor transport all over India. Now, I say at once that I entirely agree that circumstances may arise, as my Honourable friend, Mr. James, pointed out a year ago, in which it is necessary that the Centre (or as it will later be the Federal Centre) should have these powers. Now, as things are at present the Governor General in Council can do very much as it likes,—we all know that. But from the 31st March, or to be more exact, from the 1st April, this will not be the case. Then if they are going to divide any of the monies, which my Honourable friend, the Finance Member, quite rightly contends are his monies, they will have to do it in accordance with the Government of India Act, 1935. And I would remind him,—I need hardly remind him because he certainly knows,—that he can only do that within the four walls of that Act. In particular, when he makes any grants to provinces he must make those grants in accordance with the provisions laid down in, I think, Chapter VII. There are two particular sections,—section 150(2) relating to grants, and also section 140(1) relating to the distribution of central taxes. Now, Sir, in regard to the first of these sections, that would appear to give him all the power that he seeks now to secure under this clause 3(3)(a), namely, to lay down any conditions he likes, because there is nothing specified about that. I will just read the section, if I may, for the benefit of those who have not got the Act. The section reads:

"(1) No burden shall be imposed on the revenue of the Federation or the provinces except for purposes of India or some part of India.

(2) Subject as aforesaid, the Federation or a province may make grants for any purpose notwithstanding that the purpose is not one with respect to which the Federal or the provincial Legislature, as the case may be, may make laws."

[Mr. T. Chapman-Mortimer.]

Now, Sir, it is obvious from that that he can make grants in any way he likes, but I submit. . . .

The Honourable Sir James Grigg: Subject to the vote of the Legislature.

Mr. T. Chapman-Mortimer: Yes, quite so, but I will just go on to explain why I do not think this particular division or allocation of money falls within the scope of that section of the Act. That section of the Act relates, as I understand it, to the making of grants such as might be necessary after a great earthquake or a great famine. If that were not the case, it means that a future successor of my Honourable friend, the Finance Member, may propose to the House, and the House may sanction, the giving of any money it likes notwithstanding that very clear provisions are laid down in regard to the distribution of the taxes on income and the rate at which they should go to the provinces. Any delay that might occur under that section can be completely got round by operating under section 150(2), as I have read out now. I submit, Sir, that it is much more probable that this particular distribution of money should take place under section 140(1) which provides for the distribution of excises and export duties; it says there:

"There shall be levied and collected by the Federation, but if an Act of the Federal Legislature so provides."

That, Sir, seems quite clear, and then under section 144, the Government of India Act, 1935, gives the Central Government (or later, the Federal Government) power to attach to any grant so made certain conditions. That is quite clearly laid down. Now, Sir, as I have said, the objections to this part (a) of clause 3(3) are that it gives the Central Government arbitrary power which may be used, and may quite properly be used, in the interests of railways—but it is an arbitrary power. Secondly, it has been contended that it interferes with provincial matters. To my mind, Sir, both those objections would be met if Government could see their way to accept the amendment now before the House, because in the first place it will dispel any idea that the Government of India would be arbitrary in their action,—in fact, we all know that they will not be able to be arbitrary; and secondly, it will dispel any doubt that may exist,—I think in some cases it exists wrongly,—that there will be interference with provincial matters. Both of these objections, as I have said, can be met by the Government of India if they will accept this amendment now before the House. My Honourable friend, the Member for Industries, has suggested that he must have this power because if we do not give him this power now he will not be able to defend legitimate Central all-India matters. I submit, Sir, that he is making what I might call "much ado about nothing", because after the 31st March this Resolution will be of no use to him; whatever way we vote now will not help him very much. I am reinforced in my opinion on this point by the fact that in the India and Burma (Transitory Provisions) Order, 1937, it is mentioned that a grave doubt exists in the case of the Road Fund, and it is specially provided in that Order that if any monies are lying to the credit of the Road Fund at the end of this financial year, it shall be quite proper that they could continue to be used for purposes of the fund after the 1st April next. But that of course naturally only relates to funds voted in this coming Finance Bill.

Sir, that is really the main point I had to make; in other words, I am not attacking Government on the ground that they are trampling on the provinces. I am not suggesting that they are taking action which is contrary to the spirit of provincial autonomy. But I do contend, Sir, that they are doing something which on the Honourable Member's own admission is contrary to the interests of this House. He has read out from the speech of Mr. Jayakar and he has quoted from other documents to prove that it is our duty—as Members of this House—to look after Central monies. And it is on that ground that I submit that this House should accept the amendment I have just moved.

Sir, I move.

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

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

"That in part (a) of sub-clause (3) of clause 3, for the words 'steps as the Governor General in Council may recommend' the words 'action as an Act of the Indian Legislature may provide' be substituted."

Mr. Lalchand Navarai (Sind: Non-Muhammadan Rural): Sir, I wish to add a few words to what my Honourable and young friend has said just now. As I understand it, the Resolution wants that if the provincial Governments fail to take any such steps as the Governor General in Council may recommend for the regulation and control of motor vehicles within the province, the Governor General in Council may resume the whole or part of any sums which he may at that time hold for expenditure in that province. Now, what is asked by this amendment is that if anything is to be done to checkmate the actions of the provincial Governments, it should be done by an Act of the Central Legislature then in existence. I see justification for this amendment. In the first place I had doubts myself with regard to the power of the Governor General in Council at this time with reference to this subject. But the Honourable Member for Industries and Labour has made it clear that the Governor General in Council has not got that power now. If that power is not there, then there might be some justification for getting that power; but if he has got that power, then he should exercise it. Of course, I have some doubt, if the Governor General in Council has not got that power, how is this resolution going to be moved. We are only recommending, and the power will be exercised by the Governor General in Council. The very fact that this resolution is recommendatory in itself means that the Governor General in Council has got that power. If he has got that power, then it is no use passing this resolution at all; but if he has not got that power, then the question arises whether the past conduct of the provincial Governments has been such as to show that they have failed in any way to do anything which is in consonance with the wishes of the Governor General in Council. Nothing of the sort has been shown up to now. Therefore, it seems to me that the power is being obtained from the House by means of this resolution to forearm the Government to exercise it after the Federation comes in, or after the 1st April, 1937. Therefore, I submit that it would be wrong on the part of the central Government to curb the powers of the provinces beforehand, when they

[Mr. Lalchand Navalrai.]

have not shown that they have misbehaved. In other words, it is now assumed that after the 1st April, 1937, when the power comes to the provincial Governments, they will not exercise it properly. There is no justification for passing this resolution at this moment. When that power is given to the provincial Governments, I feel that they will not fail in their duty in passing the rules. It is feared by the Treasury Benches that they may not pass the rules when the Act is made giving them that power. I cannot understand that at all. When the management and control of these motors is going to be put into their hands, they are given full powers to make rules. Why should we understand that they will not exercise their powers? If they do make any rules which do not agree with the wish and will of the Central Government, they can ask the Central Legislature to pass some legislation then. This money is central money and whether they give this money or not will lie in the hands of the Central Legislature and the Central Government. They can bring in a Bill and say that this money will not be given to the provinces unless they do this or that. Why presuppose all these things and make this resolution? But if the resolution is going to be made, then it is only wise and proper that it should be made in the words which have been suggested in this amendment, namely, that the power should be given to the Federal Legislature to see that the Provincial Governments do not fail in carrying out their wishes. With these words, I strongly support this amendment.

Mr. K. G. Mitchell (Government of India: Nominated Official): Sir, I oppose the motion. The material part of the amendment appears to me to be that an Act of the Central or Federal Legislature should be substituted for the instructions or recommendations of the central executive in this matter. I think that the answer to that has already been given by the Honourable Member from Assam who said that he thought it would be impossible for the centre to make uniform rules which would be applicable to all provinces. It appears to me, having studied the question to some extent, that it would be even more difficult to apply a specific Federal Act which would be absolutely rigid in its application to every province and that it would be impossible to draw up an Act which would have any effective result if it attempted to make a rigid provision for every province. The present form of the Indian Motor Vehicles Act is an enabling Act and the Bill to amend it was in the same form, an enabling Bill. It is designed to give Local Governments powers to make certain rules which they have not at present the power to do. It is very necessary that the rules made by different Local Governments should be as elastic as possible and should be as suited to local conditions. . . .

Mr. T. Chapman-Mortimer: On a point of personal explanation: I was not in any way referring to this matter of the amendment of the Motor Vehicles Act: it did not occur to me at all. I was merely putting my point that Government should only be able to resume this money when a province had definitely failed to carry out a special provision laid down by the Central Legislature, at the wish of the Government to carry out certain specific instructions in regard to the protection of some central subject; and I had not at all in view this Bill which my friend is talking about.

Mr. K. G. Mitchell: As I understand the amendment, it says that unless the Local Government has taken action "as an Act of the Indian Legislature may provide". I assume that that action had reference to the intentions of this clause in the resolution regarding the control of motor transport. That is the main point. As regards the specific intention underlying this part of the resolution that there should be some power in the centre to require a certain measure of uniformity in the application of rules to meet the varying conditions in different provinces, I submit that it is not possible to provide the equivalent in the form of a Bill or an Act of the Central Legislature. As regards the rest of the arguments adduced by the Honourable the Mover largely based on the Government of India Act, 1935, section 140, as I understand it, only gives power to distribute the proceeds of taxes of excise and with the separation of Burma a very large part of this fund will be derived from customs duty and I understand that that section does not apply. . . .

Mr. T. Chapman-Mortimer: I was given to understand that it would apply. I took this point up many months ago and I was given to understand that it had been taken up and that the section [section 140(1) of the Government of India Act, 1935] would be interpreted to apply to import duties as well as to export duties. . . .

The Honourable Sir James Grigg: No.

Mr. K. G. Mitchell: I do not think that is very material. The real position to my mind is that this money is, whatever the particular source, part of the central revenues and can ultimately only be granted to the provinces by a vote of the Central Legislature, and the Central Legislature is entitled to attach any condition it likes. . . .

Mr. T. Chapman-Mortimer: That is my point, that it is the Central Legislature that should be entitled.

Mr. K. G. Mitchell: That is the point of this clause in the resolution, that the Central Legislature through the Governor General in Council should attach certain conditions. Sir, I oppose the motion.

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

"That in part (a) of sub-clause (3) of clause 3 for the words 'steps as the Governor General in Council may recommend' the words 'action as an Act of the Indian Legislature may provide' be substituted."

The motion was negatived.

Mr. G. Morgan: Sir, I beg to move:

"That in part (a) of sub-clause (3) of clause 3, after the words 'the Governor General in Council' the words 'after consultation with the Standing Committee for Roads' be inserted."

Sir, a great many arguments have already been placed before the House by previous speakers on the last two amendments, but the effect of the amendment that I have moved is simply this,—that before the Governor General in Council,—I am reading this in conjunction with the new clause 10(b),—I am quite aware of the fact that the word "proposals"

[Mr. G. Morgan.]

is there,—but the effect of this amendment is that before the Governor General in Council makes a recommendation to a province in respect of the control of motor vehicles in that province he should come to the Standing Committee and place the recommendation before them first. The whole thing lies, Sir, in allaying suspicion which the Honourable Member in charge considers is unjustifiable, but the suspicion is there, and public opinion has to be satisfied. Government have themselves proposed that one of the functions of the Standing Committee should be to advise on proposals for the resumption of allocations if a province has failed to carry out a recommendation, and there seems no good reason why it should not also be a function of the Standing Committee to advise on the recommendation as well. If the word “proposals” covers that part, that will be all right,—I mean the proposals for resumption. . . .

Mr. S. N. Roy: What is the difference?

Mr. G. Morgan: Just let me finish. A proposal for resumption is the last stage under the provisions of paragraph 3(3) (a), while the recommendation to the province is the first stage, and if my amendment is accepted, the Standing Committee will be kept informed of the operation of this paragraph all the way through. I think the Government will find that this paragraph will work much more smoothly if they take the Committee into their confidence at the outset and explain not only the reasons for the resumption but also the reasons for the original recommendation. . . .

The Honourable Sir James Grigg: Might I interrupt the Honourable Member for one moment? At what stage does he propose that the Governor General should consult the Standing Committee in regard to his recommendation? Does he suggest that the Governor General should first make the recommendation and then tell them about it, or he should make no recommendation to a province without consultation with the Standing Committee for Roads? We are not clear about it. In other words, does my friend mean that with the Standing Committee for Roads a Committee of the Central Legislature should be made a participant with the executive Government in interfering with what is the constitutional right of the provinces,—is that the Honourable Member's proposal?

Mr. G. Morgan: It is only a question of consulting the Committee; I quite agree with the arguments put forward by Honourable Members of the Treasury Benches, but the fact remains that we have got to dispel a very big cloud of suspicion, and it is with that view that our amendments have been moved, and if the public and the provinces knew that it would not be simply an executive order and then a resumption, there cannot be any room for suspicion. As I interpret the clause, the only meaning that can be given to it is that we have proposals for the resumption, but do those cover the original proposition, of executive action and can we advise or go against that recommendation? If we can then I don't mind it so much. But there is bound to be a lapse of time between making the recommendation and deciding whether the province has failed to carry it out, and the Standing Committee should have an opportunity of expressing an opinion at the beginning of the process as well as at the end.

My friend, Captain Lal Chand, said he was satisfied that clause 10(d) would meet the case. I hope it is so. I shall be very glad if it does meet the case. I am not obstructing in any way whatever. I only want it to be made perfectly clear that a mere executive order is not going to have the effect of resuming funds and stop the construction of roads between the two processes mentioned in clause 10(d).

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

"That in part (a) of sub-clause (3) of clause 3, after the words 'the Governor General in Council' the words 'after consultation with the Standing Committee for Roads' be inserted."

Mr. S. N. Roy: Sir, the object that Mr. Morgan has in mind in moving this amendment is, I think, very largely attained by sub-clause (d) of clause 10. It will be recalled that at the last Session of the Assembly when a notice of this Resolution was given no such clause was added to the functions of the Standing Committee, and it was as a result of the criticisms which we received at that time that Government thought it desirable to introduce a clause in paragraph 10 making it incumbent on them to take the advice of the Standing Committee on any proposals for resumption. That means that Government will have to make up their minds as to whether they propose to resume the share of any particular province before they actually place that proposal before the Standing Committee. It is obviously impossible that the Standing Committee should share with Government the executive right to decide on the merits, but when the matter is placed before the Standing Committee, the Standing Committee will naturally be placed in possession of all the facts on which the decision of Government has been made, and in that way the Standing Committee will be able to exercise its control. I really do not see what object can be gained by introducing the complication that Mr. Morgan suggests apart from the fact that it is, in my opinion, somewhat unconstitutional to bring in the Standing Committee at an earlier stage than that proposed here. Sir, I oppose the motion.

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

"That in part (a) of sub-clause (3) of clause 3, after the words 'the Governor General in Council' the words 'after consultation with the Standing Committee for Roads' be inserted."

The motion was negatived.

Mr. G. Morgan: Sir, with your permission, Mr. James will move the next amendment.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member doesn't want to move this amendment then?

Mr. G. Morgan: I don't want to move it, but Mr. James will move it.

Mr. F. E. James: Sir, I move:

"That in sub-clause (VI) of clause 7, the words 'before the date of this Resolution' be omitted."

[Mr. F. E. James.]

Sir, I move this amendment in a spirit of extreme sobriety, and not at the behest of any interest at all, but in order to elicit some accurate information as to the precise reasons why these words were inserted. Perhaps, I had better remind the House that the Resolution adopted in 1934 in regard to this point reads as follows:

"All allotments for expenditure in British India may, subject to the previous approval of the Governor General in Council to each proposal made, be expended upon any of the following subjects, namely :

item (iii) : on the interest and amortisation of loans taken after the date of this Resolution, and spent on the construction, reconstruction or substantial improvement of roads and bridges."

Now, the proposed motion limits the sums allocated for expenditure in connection with these items on the interest and amortization of loans approved or sanctioned before the date of this Resolution by the Governor General in Council and spent on the reconstruction or substantial improvement of roads and bridges. Therefore, when this Resolution is passed, it will not be possible for the Governor General in Council to sanction the expenditure from any of these sums allocated on the service of loans raised under this Resolution for the purposes mentioned in clause 7, sub-clause (6). I am not quite sure what is the precise purpose of the alteration which is a very substantial one. I am aware that the constitutional relationship between the provincial Governments and the centre will be substantially changed as from the 1st April, and I am quite prepared to admit that it may be necessary for the Governor General in Council to exercise severe control over the use of these funds in this particular connection. But it seems to me that the control is already there without the insertion of the words "before the date of this Resolution". If those words are deleted, it would mean, if a province wished to raise a loan to be spent on the construction, reconstruction or substantial improvement of roads and bridges, first of all, it would have to raise the loan on the security of the general revenues of that province. Then, if it wished to use any of the sums allocated out of this Road Fund, it would have to go to the Governor General in Council in regard to each proposal and secure the previous approval of the Governor General in Council. Therefore, presumably, before the loan was actually floated, when the Local Government were considering the desirability of raising a loan for this purpose, they would have to get into touch with the Central Government and enquire whether in the event of their raising a loan the Governor General in Council would be willing to allow any part of the allocated sums to be used for the service of the particular loan. Surely, the safeguard is there, and why, therefore, should you say that after the date of this Resolution it shall not be possible for a Provincial Government even to come up to the Governor General in Council for sanction—that you should debar altogether the possibility of these funds being used in special cases for the provision of service of loans raised for the particular purposes of the construction, reconstruction or substantial improvement of roads and bridges? It may be feared that different provinces may embark on schemes that are not sound, but even so, the safeguard is there. I cannot see therefore the force of the inclusion of these words "before the date of this Resolution", as it appears to me to make an unfair distinction between conditions before this Resolution and conditions after this Resolution, even if one's hopes and fears in connection with the new constitution may not be altogether unjustified. Sir, I move.

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

"That in sub-clause (VI) of clause 7, the words 'before the date of this Resolution' be omitted."

The Honourable Sir James Grigg: Sir, in my comparatively short time in India I have noticed that there is a very nearly infallible way of creating friction, and that is, for the Government of India to make grants of central money subject to certain conditions and there is no doubt that the money which is placed in the Road Fund is in origin central money. The grants are nearly always taken as an inalienable right of the recipient, while the conditions are regarded as an intolerable insult to his intelligence or an intolerable interference with his constitutional liberty or prerogative, or the conditions are taken as a sign of the stupidity and tyranny of the Government of India. That has been, as far as my experience goes, a very frequent, if not a universal, consequence of the Government of India exercising generosity—but perhaps I had better use a neutral word,—exercising its privilege of making grants and also exercising its privilege of attaching conditions to them. Of course, there are two ways of avoiding this dilemma, and the view of the European Group is clearly that one of those ways should be adopted.

There are two ways of removing this dilemma,—first of all, not to attach any conditions, and the second is, not to make the grants at all. In the case of the Road Fund I say, and in the full knowledge that my Honourable Colleague, whose approach is not quite the same in this matter as mine but who is nevertheless in full agreement with me—I say quite definitely that it is impossible for the Government of India who have invested Rs. 800 crores of capital in the railway system, to subsidise unconditionally,—and I emphasise unconditionally,—a competing form of transportation. As regards the second alternative, I certainly do not want to be understood as making any threats or even announcing any intention; I am merely setting out what is the constitutional position. It is quite clear that if the efforts of the Government of India to secure by consent a properly co-ordinated and coherent solution of the road-rail problem fail, then our successors in title will certainly have to consider the second alternative. But, quite apart from that, there may come a time when the Central Government may decide that it can no longer afford to give up a crore or a crore and a half or two crores a year for this purpose. For example, the Federal Government may decide that it is rather more important for them to finance work of social amelioration than it is to subsidise provincial roads. It would, therefore, in my view be definitely unconstitutional for us to tie the hands of our successors in any way in the matter of the resumption of money which is now placed in the Road Fund. Quite obviously, if that is the constitutional position, it is absolutely impossible for us to allow the provinces to assign as security for a road development loan the share which is allotted to them from the proceeds of the Road Fund, particularly as in future the loans will not be from the centre to the provinces, but the provinces will have to go to the market to raise the loans themselves. I say therefore that the assignment of the provincial share as security is definitely impossible, but I would go further and say that it would be wrong to allow provincial grants from the Fund to be used in defraying the charges of road development loans raised in the market. If you get into the position where the centre has, in the exercise of its undoubted constitutional right, ceased to make these grants to the Road

[Sir James Grigg.]

Fund—and the provinces have in fact got an obligation to provide 5, 10 or 15 lakhs a year as the annual charges on road development loans and they are in the habit of making those charges from their provincial share of the Road Fund—under the hypothesis that I have mentioned they will be in the position where they are faced with a hole in their budget and they have the disagreeable alternative of either leaving the hole unfilled or of imposing extra taxation to fill the hole. In those circumstances can there be any doubt that the pressure on the centre to continue the grants and the eleemosynary arguments which would be put forward for continuing them,—can anybody doubt that the strength of those would be such as to amount to a very definite infringement of the fiscal autonomy, not of the provinces but of the Centre? And, after all, when we are using constitutional arguments, let us ask whether the Centre too has not its right to fiscal autonomy. I remember one of my numerous chiefs saying at an Imperial Conference that after all the United Kingdom was entitled to fiscal autonomy and I say that in India the Centre has its rights too. We are certainly hearing a good deal about provincial rights but the Centre has its rights too and quite definitely it is our business here to defend the rights of the Centre and to see that they are not encroached upon and these are the reasons why we propose to discontinue the permission to use the road fund towards defraying the charges of road development loans. But in view of the previous Resolution on this matter we have taken care, and taken care very abundantly, to see that all our existing commitments in this matter are fully met. Mr. James said “Yes, that is all right, but you have got a safeguard, because in each case the consent of the Governor General in Council is required”. That brings me back to my first mild bleat. I do not think it at all affects the constitutional point I have raised. In fact it puts upon the Central Government the invidious task in each case of deciding first of all on the merits and soundness of the development scheme and secondly as to whether the particular provincial budget will be able to bear the particular charges on that loan for an indefinite period without assistance from the Centre. In other words, the Centre is called upon to judge not only of the soundness of the scheme but of the budgetary stability of the provinces. Well, that, Sir, is a function which will either degenerate into mere formality which in my opinion is the more likely alternative or it will involve the Government of India in those endless arguments and conflicts with the provinces as to their own budgetary position and the soundness of their schemes and would arouse the most intense local feeling as between the Centre and the particular province. And not only that. It would arouse intense local jealousies as between province A which thought it was not being favourably treated and province B. Those are the reasons which have actuated us in proposing to discontinue the use of the Road Fund to meet the annual charges of road development loans.

Mr. Akhil Chandra Datta: I rise to support this motion. I do not propose to go into the constitutional questions which have been raised. I want to say only one word on one aspect of this matter and it is this. We are told that out of 568 lakhs raised so far from this petrol tax about 203 lakhs remain unspent. I hope I am not making a mistake. In the first place, it is very unfortunate, when there is admittedly a deficiency of roads, particularly village roads, that a huge amount like this should have been collected and yet allowed to remain unspent. I expected some

sort of explanation from the Honourable Member. My point on this amendment is this. I have got an apprehension that a portion at least of this unspent amount may be devoted to the payment of interest on any loan which might have been taken long before the revenue was collected. What I mean, is this. Some revenue was collected last year. It remains unspent. I only hope that that amount will not be devoted to the payment of interest on loans incurred some time before, because that was never intended. I do not think it will be disputed that so far as last year's revenue is concerned or the revenue of the year before last; it is not desirable that the amount, instead of being spent on the legitimate purpose of this fund, namely, the construction of new roads or the improvement of existing ones, should be spent on loans incurred years before. I hope it is not the intention to do this and I should like very much to have an assurance that that will not be done. May I know, as a matter of information, what is the unspent amount for Bengal?

The Honourable Sir Frank Noyce: I am sorry I cannot tell my Honourable friend off-hand what is the amount unspent by Bengal. As regards his speech, all I can say that it has left me in a state of complete bewilderment. If I recollect correctly, he started his speech by saying that he supported this amendment moved by the European Group.

Mr. Akhil Chandra Datta: I do support it.

The Honourable Sir Frank Noyce: I am glad to know that, because his arguments were entirely against the amendment. My Honourable friend objects to the unspent balances in the road fund. With that object I entirely sympathise and it is in order to prevent balances remaining unspent that we have included the provision in paragraph 3 (b) of the Resolution that the Governor General in Council may resume the share of a Provincial Government which delays the application of the road fund to the objects on which it was intended to be used.

Mr. Akhil Chandra Datta: I do support the amendment of sub-clause (VI) of clause 7, because the whole point of this amendment is that the Road Fund should not be utilised for the payment of interest on loans incurred before.

The Honourable Sir Frank Noyce: My Honourable friend is under a complete misapprehension. The whole point of this amendment is that the Road Fund should continue to be used to provide for the interest and amortization of loans.

Mr. Akhil Chandra Datta: The whole question is whether it refers to loans incurred in the past or to the loans to be incurred in future. That is the essence of the whole question.

The Honourable Sir Frank Noyce: The relevant part of paragraph 7 is that sums allocated for expenditure in British India may be expended upon any of the following objects and one of these is the interest and amortization of loans approved or sanctioned before the date of this Resolution by the Governor General in Council. My friends of the European Group want the words "before the date of this Resolution" omitted, and, therefore, what they want is that sums allocated for expenditure in British India may continue to be expended on the interest and amortization of loans. If that is what my Honourable friend is supporting. . .

Mr. Akhil Chandra Datta: I mean "to be spent", not "spent"; that is the whole idea of his amendment.

The Honourable Sir Frank Noyce: I think my friend, the Mover of the amendment, will agree, I hope he will, that I have interpreted
4 P. M. the intention of his amendment correctly? I should be glad if my Honourable friend, Mr. James, will corroborate my interpretation.

Mr. F. E. James: I am extremely sorry I did not hear the Honourable Member.

The Honourable Sir Frank Noyce: I have informed the Deputy President that the object of this amendment is to enable the Road Fund to continue to be used for the payment of interest and amortisation of loans.

Mr. F. E. James: Yes.

The Honourable Sir Frank Noyce: My Honourable friend says that he supports the amendment but he says he does not want that; he wants a definite provision,—and I am quite unable to follow him . . .

Mr. Akhil Chandra Datta: May I explain? The objection is not to the payment of interest on the loan: the question is—loans incurred in the past, or loans to be incurred in the future. That is the point.

The Honourable Sir Frank Noyce: The object of the amendment is that to secure both.

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

"That in sub-clause (VI) of clause 7, the words 'before the date of this Resolution' be omitted."

The motion was negatived.

Mr. G. Morgan: Sir, I beg to move:

"That in sub-clause (VI) of clause 7, after the word 'spent' the words 'or to be spent' be inserted."

Sir, the reason for my moving this amendment is that if a loan which comes under this clause as it is at present has not been all spent and contracts are still running, would this clause preclude the payment of interest on the balance of the loan unexpended? Supposing the loan is not fully spent, would this clause preclude the payment of interest on the balance of the loan unexpended?

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

"That in sub-clause (VI) of clause 7, after the word 'spent' the words 'or to be spent' be inserted."

The Honourable Sir James Grigg: Sir, I can give the Honourable Member the assurance that, in regard to past commitments where loans have been sanctioned but not fully spent, the sanction will cover the use of the Road Fund for the loans to be raised in future to cover the unspent part of it; but, in point of fact, if the Honourable Member has any doubt about it, so long as the previous amendment has gone, I do not in the least mind accepting his amendment.

Mr. G. Morgan: Thank you.

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

"That in sub-clause (VI) of clause 7, after the word 'spent' the words 'or to be spent' be inserted."

The motion was adopted.

Mr. G. Morgan: Sir, I beg to move:

"That after sub-clause (VI) of clause 7 the following proviso be inserted :

'Provided, however, that in respect of loans for the purposes of road development raised in any Governor's Province after the date of this Resolution, the Governor General in Council may sanction specific proposals for the expenditure of the sums allocated on the interest and amortization of such loans.'

Sir, after what my Honourable friend, the Finance Member, said on the previous amendment, I do not think there is very much chance of my getting his sympathy with this, but still I should like to move it. This is a reasonable amendment and its object is to meet the position after the inauguration of Provincial Autonomy on April 1st. After April 1st if a provincial Government desires to raise a loan for road development, it will not be necessary for the provincial Government to obtain the sanction of the Governor General in Council, and I think the Governor General in Council should be just as free to exercise his discretion as to whether or not a province should be allowed to use its allocations for the payment of the interest and amortization of those loans as he is today in respect of loans which he has approved and sanctioned. It is a matter of convenience for the province more than anything else. Suppose a province decides upon a big road programme and then comes to the conclusion that the only way in which it can push ahead with its programme is by raising a loan and putting the work in hand at once. Provided the Province does not fall foul of paragraph 3(3)(a) it may expect to receive an allocation from the Road Fund so long as that Fund exists, and in such circumstances, what insuperable objection can there be to the Province requesting the permission of the Governor General in Council to use its allocation from the Road Fund to pay the interest and amortization of that loan? The Governor General in Council can give his permission to use the allocation for this purpose for a year or for a longer period, or he can request the Province to bring the matter to him for a renewal of his sanction from time to time. It is entirely within the discretion of the Governor General in Council. Sir, the loan cannot be raised on the security of the allocations from the Fund because the sanction of the Governor General in Council to use the allocations for the payment of interest and amortization cannot be taken for granted or assumed as a matter of course. Each specific proposal will have to be brought forward to be considered on its merits. A loan is probably the only way in which a big development programme can be put in hand, and permission to use the allocations from the Fund to meet the service charges of the loan may be one of the most useful and effective means of assisting road development. The amendment, therefore, conforms closely to the spirit and purpose of the Resolution and its adoption would at least ensure that in all suitable cases the allocations will play a very important part in the furtherance of road development. Conversely, failure to have such a proviso in the Resolution may often mean that the allocations from the Fund will be frittered away on small

[Mr. G. Morgan.]

schemes which make no material impression on the road problem at all. Sir, I move.

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

"That after sub-clause (VI) of clause 7 the following proviso be inserted :

'Provided, however, that in respect of loans for the purposes of road development raised in any Governor's Province after the date of this Resolution, the Governor General in Council may sanction specific proposals for the expenditure of the sums allocated on the interest and amortization of such loans'."

Mr. F. E. James: Sir, I should just like to refer to what the Honourable the Finance Member said especially on the previous amendment. He gave us an extremely clear statement of the constitutional position and I think we can be grateful to him. At the same time his excursion into the future and his suggestion that possibly a future Government might prefer to use the proceeds of this Fund on social services than for the purpose of subsidising provincial road development schemes does lead one to be a little uncertain as regards the future. I can only express the hope that, as far as he is concerned, he will not in any way be influenced by the notorious example of one of his previous masters who did raid a certain road fund in no uncertain manner

The Honourable Sir James Grigg: All of them did it.

Mr. F. E. James: I trust, therefore, that he will forget that particular incident in history and that he will not be inclined to follow that example!

The Honourable Sir James Grigg: Sir, I am sure that it would be no more constitutional for me to bind my own hands than it would be for me to bind the hands of my successors in title, but I can promise the Honourable Member that if it becomes necessary to consider the English precedents which he has quoted, that would certainly be done with due regard to the different conditions of India. (Laughter.) To come to Mr. Morgan's amendment, I really think it is, as he explained it, indistinguishable from Mr. James' amendment. Mr. Morgan's amendment wants the power to sanction the use of the road fund allotments for defraying the annual charges of road development loans to continue but he wants them in each case to be subject to the consent of the Governor General. In the concluding part of my remarks on the previous amendment I said that this dispensing power would either degenerate into a complete formality or it would create the most intense friction between the Government of India and the provinces in every case where they proposed to refuse their sanction to the use of the allotment in the way desired. You do not by this proviso with its dispensing power escape the dilemma of infringing or encroaching on the fiscal autonomy of the Centre because there is no doubt that when a Local Government raises a loan, permission to use this money for defraying the charges of that loan is of no use to them unless it is given for a considerable period. If it is given for one year, it is no good to them at all in raising the loan. Unless, therefore, it is given for a considerable period of years, they will not want it. If it is given for a considerable number of years, you come

up against the constitutional argument which I have already developed. Sir, I am afraid the Honourable Member's forecast as to the attitude which I should adopt on this amendment is turning out to be unfortunately too true.

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

"That after sub-clause (VI) of clause 7 the following proviso be inserted:

'Provided, however, that in respect of loans for the purposes of road development raised in any Governor's Province after the date of this Resolution, the Governor General in Council may sanction specific proposals for the expenditure of the sums allocated on the interest and amortization of such loans'."

The motion was negatived.

Mr. G. Morgan: Sir, I beg to move:

"That in part (b) of sub-clause (1) of clause 9, after the words 'official member' the words 'other than a Railway official' be inserted."

There is no necessity for me to make a speech on this subject. The reason is obvious. What has emerged from this debate is that we are all anxious to dispel the suspicion of the railways dominating any particular position in this road business and we should like that the nominated official member should be someone other than a railway official. Sir, I move.

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

"That in part (b) of sub-clause (1) of clause 9, after the words 'official member' the words 'other than a Railway official' be inserted."

The Honourable Sir Frank Noyce: Sir, I accept the amendment.

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

"That in part (b) of sub-clause (1) of clause 9, after the words 'official member' the words 'other than a Railway official' be inserted."

The motion was adopted.

Mr. G. Morgan: Sir, I beg to move:

"That in sub-clause (2) of clause 9, after the words 'official members of the Committee' the words 'other than the Chief Commissioner of Railways' be inserted."

The same argument that I used on the previous amendment covers this amendment also and I hope that the Honourable Member in charge will see his way to accept this small amendment also.

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

"That in sub-clause (2) of clause 9, after the words 'official members of the Committee' the words 'other than the Chief Commissioner of Railways' be inserted."

The Honourable Sir Frank Noyce: I also accept this amendment.

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

"That in sub-clause (2) of clause 9, after the words 'official members of the Committee' the words 'other than the Chief Commissioner of Railways' be inserted."

The motion was adopted.

Mr. President (The Honourable Sir Abdur Rahim): It is perhaps not necessary to read the lengthy Resolution. The question is:

"That the Resolution,* as amended, be adopted."

The motion was adopted.

*"That in supersession of the Resolution adopted by this Assembly on the 21st April, 1934, this Assembly recommends to the Governor General in Council that:

1. There shall continue to be levied on motor spirit an extra duty of customs and of excise of not less than 2 annas per gallon, and the proceeds thereof shall be applied for the purposes of road development.
2. (1) From the proceeds of such extra duty in any financial year there shall be deducted a sum as near as may be equivalent to the share in such proceeds arising from taxed motor spirit used for purposes of civil aviation during the calendar year ending in the financial year concerned, and such sum shall be at the disposal of the Governor General in Council for allotment as grants-in-aid of civil aviation.
- (2) The balance of the proceeds shall be credited as a block grant to a separate Road Fund.
- (3) For the purposes of this Resolution 'taxed motor spirit' shall mean motor spirit upon which the duty of customs or excise shall have been paid and in respect of which no rebate of such duty shall have been given.
3. (1) The Road Fund shall be allocated as follows:
 - (a) a portion equal to fifteen per cent. shall be retained by the Governor General in Council as a central reserve;
 - (b) out of the remainder there shall be allocated by the Governor General in Council:
 - (i) a portion for expenditure in each Governor's Province;
 - (ii) a portion for expenditure elsewhere in British India;
 - (iii) a portion for expenditure in Indian States and administered areas,
 as near as may be in the ratio which the consumption of taxed motor spirit, other than motor spirit used for the purposes of civil aviation, in each area for which an allocation is to be made shall bear to the total consumption in India of taxed motor spirit, other than motor spirit used for the purposes of civil aviation, during the calendar year ending during the financial year concerned.
 - (2) The portions allocated for expenditure in Governor's provinces shall be retained by the Governor General in Council until they are actually required for expenditure in the manner hereinafter specified.
 - (3) If in the opinion of the Governor General in Council the Government of any Governor's province has at any time:
 - (a) failed to take such steps as the Governor General in Council may recommend for the regulation and control of motor vehicles within the province; or
 - (b) delayed without reasonable cause the application of any portion of the Road Fund allocated or reallocated as the case may be for expenditure within the province,
 the Governor General in Council may resume the whole or part of any sums which he may at that time hold for expenditure in that province.
 - (4) All sums resumed by the Governor General in Council from the account of any Local Government as aforesaid shall be re-allocated between the credit accounts of Local Governments and the Reserve with the Governor-General in Council in the ratio of the main allocation for the financial year preceding the year in which the reallocation is made. Provided that the sum so calculated as the share of the province from whose account the resumption has been made shall also be credited to the Reserve with the Governor General in Council.

4. The balance to the credit of the Road Fund or of any allocation thereof shall not lapse at the end of the financial year.
5. No expenditure shall be incurred from any portion of the Road Fund save as hereinafter provided.
6. The Central reserve with the Governor General in Council shall be applied first to defraying the cost of administering the Road Fund and thereafter upon such schemes for research and intelligence and upon such special enquiries connected with roads and upon special grants-in-aid for such objects connected with roads as the Governor General in Council may approve.
7. The sums allocated for expenditure in British India may, subject to the previous approval of the Governor General in Council to each proposal made, be expended upon any of the following objects, namely :
 - (i) on the reconstruction of new roads and bridges of any sort ;
 - (ii) on the reconstruction or substantial improvement of existing roads and bridges ;
 - (iii) in special cases, on the maintenance of roads and bridges, constructed, reconstructed or substantially improved from the Road Fund or from loans approved or sanctioned by the Governor General in Council ;
 - (iv) to meet charges, including the cost of establishment, connected with the preparation of schemes of road development, or with the administration of provincial Boards of communications ;
 - (v) to meet charges including the cost of establishment connected with the control of motor transport ; and
 - (vi) on the interest and amortisation of loans approved or sanctioned before the date of this Resolution by the Governor General in Council, and spent or to be spent on the construction, reconstruction, or substantial improvement of roads and bridges.
8. In considering proposals for the construction, reconstruction or improvements of roads and bridges from the Road Fund, the Governor General in Council shall have regard to the present urgent need for improving the efficiency and reducing the cost of transport by road of agricultural produce to markets and railways.
9. (1) A Standing Committee for Roads shall be constituted each financial year consisting of :
 - (a) the Member of the Governor General's Executive Council in charge of the department dealing with the Road Fund, provided that should the said Member of the Governor General's Executive Council be unable to be present at any meeting he may nominate some one in his place ;
 - (b) one nominated official member, *other than a Railway official*, who shall be a Member of the Legislative Assembly ;
 - (c) three members elected by the Members of the Council of State from amongst themselves ;
 - (d) six members elected by the Members of the Legislative Assembly from amongst themselves ; and
 - (e) the Chief Commissioner of Railways.
- (2) The Chairman of the Committee shall be one of the Official Members of the Committee, *other than the Chief Commissioner of Railways*, whom the Governor General in Council may from time to time appoint.
- (3) No approval to any proposal for expenditure from the Road Fund shall be given by the Committee unless it is supported by :
 - (i) a majority of the members present and voting who are Members of the Legislative Assembly, and
 - (ii) a majority of the members of the whole Committee present and voting.
- (4) All proposals for expenditure from the central reserve and all other proposals for expenditure from the Road Fund to be made in British India shall be referred by the Governor General in Council to the Standing Committee before he approves of them.

10. The functions of the Standing Committee shall be :

- (a) To consider the annual budget and accounts of the Road Fund.
- (b) To advise upon all proposals for expenditure from the central reserve.
- (c) To advise upon the desirability of all other proposals involving expenditure from the Road Fund in British India.
- (d) To advise upon proposals for the resumption of monies held by the Governor General in Council as provided for in sub-paragraph (3) of paragraph 3 of this Resolution.
- (e) To advise the Governor General in Council generally on all questions relating to roads and road traffic which the Governor General in Council may refer to the Committee."



THE MANOEUVRES FIELD FIRING AND ARTILLERY PRACTICE BILL.

Mr. G. R. F. Tottenham (Defence Secretary): Sir, I move:

"That the Bill to provide facilities for military manoeuvres and for field firing and artillery practice be referred to a Select Committee, consisting of Mr. Sri Prakasa, Mr. B. Das, Raizada Hans Raj, Bhai Parma Nand, Raja Sri Vasudeva Rajah, Mr. C. H. Witherington, Nawab Siddique Ali Khan, Captain Rai Bahadur Chaudhuri Lal Chand, Mr. J. F. Sale and the Mover, and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be five."

Sir, this Bill was circulated at the end of the last Simla Session, and a large number of opinions have since been received. I am now taking the ordinary next step of asking the House to agree to the reference of the Bill to a Select Committee and in doing so I do not think it is necessary for me to make anything in the nature of a long speech. If there is one thing that is perfectly clear as a result of the circulation of the Bill, it is that there is practically unanimous approval of the principles of the Bill. These principles, I would remind the House, are, firstly, to provide legal sanction, where necessary, to enable the military forces to make temporary use of private land for the purpose of manoeuvres, field firing and artillery practice, and, secondly, to lay down a legal basis for the assessment and award of compensation in respect of any damage or inconvenience caused to the public by this temporary use of land by the military authorities. I do not think that any reasonable person can object to those principles and I now ask the House to accept them. On the other hand, it is true that circulation has produced a large number of suggestions and criticisms on points of detail. Some of these, in my opinion, should certainly be accepted; they will improve the Bill. Others perhaps may not be necessary, but in any case I think it is unnecessary to go into them here and now. They will, I feel sure, be examined and discussed fully and carefully by the Select Committee.

There is, however, just one rather more general line of criticism on which I should like to say a few words. It seems to have been assumed that this Bill aims at giving the military authorities large new powers, which they do not possess at present, and the suggestion has been that, if additional powers are required, those powers ought to be given, not to the military authorities, but to the civil authorities. Well, Sir, I may say, at once, that that is a suggestion with which the military

authorities themselves are in entire agreement. The military authorities themselves do not wish to have the responsibility of working all the detailed provisions of this Bill and they would far rather that it was done for them by the civil authorities. Moreover, I think a careful reading of the Bill, even as now drafted, would show that the assumption to which I have just referred is a mistaken assumption. I believe it is really based on the wording of clause 5 of the Bill which says that compensation shall be payable by the officer commanding the forces engaged in the manœuvres. It has been deduced from that, I think inaccurately, that the intention is to allow the commanding officer, in the first place, to assess the compensation and see if he can get it accepted by the people concerned and that it is only when he fails to do so that we bring in the civil authorities and ask them to assess the compensation in the manner described in the subsequent clauses of the Bill. I do not think that these words really bear that interpretation. They merely mean that any compensation that is payable should be payable by the Central Government, that is to say by the Officer Commanding the troops as the representative of the Central Government, rather than by the Local Government. Even now I believe, under the existing practice, it is the invariable custom when manœuvres take place for a civil officer to be attached to the forces. It is he who in the first place advises the military Commander on claims to compensation and his advice is very largely accepted and compensation is paid accordingly. That, Sir, is just the kind of civil co-operation that we wish to see secured in a legal manner by this Bill. If we can make that intention clearer by any drafting amendments to the Bill, we shall certainly be prepared to do so. Our object is, after all, to enable the military forces to carry out their training, which is absolutely essential if we are to have an army at all, with the minimum disturbance to private rights and in a manner which will cause the least possible objection to those whose rights have to be temporarily disturbed. Sir, I move.

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

"That the Bill to provide facilities for military manœuvres and for field firing and artillery practice be referred to a Select Committee, consisting of Mr. Sri Prakasa, Mr. B. Das, Raizada Hans Raj, Bhai Parma Nand, Raja Sir Vasudeva Rajah, Mr. C. H. Witherington, Khan Sahib Nawab Siddique Ali Khan, Captain Rao Bahadur Chaudhuri Lal Chand, Mr. J. F. Sale, and the Mover, and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be five."

The motion was adopted.

The Assembly then adjourned till Eleven of the Clock on Thursday, the 11th February, 1937.