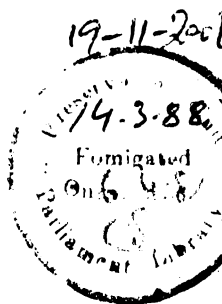


THE
COUNCIL OF STATE DEBATES

VOLUME I, 1937

(16th February to 8th April, 1937)

FIRST SESSION
OF THE
FOURTH COUNCIL OF STATE, 1937



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COUNCIL OF STATE.

Saturday, 20th February, 1937.

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

MEMBERS SWORN.

- The Honourable Maharajadhiraja Sir Kameshwar Singh of Darbhanga (Bihar : Nominated Non-Official).
The Honourable Sir Trabhashankar D. Pattani (Bombay : Non-Muhammadan).
The Honourable Mr. V. V. Kalikar (Central Provinces : General).
The Honourable Khan Bahadur Mian Ali Baksh Muhammad Hussain (Sind : Muhammadan).
The Honourable Major-General Ernest William Charles Bradfield (Director-General, Indian Medical Service).
The Honourable Shaikh Mushir Hossain Kidwai (United Provinces East : Muhammadan).
The Honourable Sirdar Nihal Singh (United Provinces : Nominated Non-Official).
The Honourable Mr. Govindlal Shivilal Motilal (Bombay : Non-Muhammadan).
The Honourable Mr. Brijlal Nandlal Biyani (Berar Representative).

BILLS PASSED BY THE LEGISLATIVE ASSEMBLY LAID ON THE TABLE.

SECRETARY OF THE COUNCIL : Sir, in pursuance of rule 25 of the Indian Legislative Rules, I lay on the table copies of the following Bills which were passed by the Legislative Assembly at its meeting held on the 19th February, 1937, namely :

- A Bill to provide for the grading and marking of agricultural produce ;
- A Bill further to amend the Indian Boilers Act, 1923, for certain purposes ;
- A Bill further to amend the Indian Electricity Act, 1910, for certain purposes ;
- A Bill further to amend the Indian Naval Armament Act, 1923, for a certain purpose ; and
- A Bill further to amend the Workmen's Compensation Act, 1923, for a certain purpose.

GENERAL DISCUSSION OF THE RAILWAY BUDGET FOR 1937-38.

THE HONOURABLE THE PRESIDENT: Honourable Members, discussion will now proceed on the Railway Budget. Under Standing Order 70 it is permissible to the Chair to fix a time-limit for speeches but I do not wish to depart from the practice which I have hitherto followed in this House and I will leave the question of the duration of speeches to the sound sense and judgment of Honourable Members. But I must point out that I should like to give many Honourable Members an opportunity of speaking on this important Budget and therefore Honourable Members will try and be as brief as possible. I may also point out to Honourable Members that under Standing Order 70A, His Excellency the Governor General has been pleased to appoint the Honourable Sir Muhammad Zafrullah Khan to perform the functions assigned to the Finance Member on the occasion of the general discussion. I will therefore call on him to reply to the debate sometime about 4 P.M. this evening. But if other Honourable Members desire to speak after him, they will be allowed to do so. The debate will now proceed.

THE HONOURABLE MR. V. RAMADAS PANTULU (Madras: Non-Muhammadan): Sir, the announcement that this year's Railway Budget is a surplus budget, however small the surplus, is received with a sigh of relief for it has to some extent relieved the gloom of a succession of deficit budgets. There however remains the fact that this achievement is the result of a small improvement in our economic conditions and a slight additional stimulus given to our trade by war scare, but not of any real measure of reform leading to an improvement of the level of earning and reduction of the scale of working costs of our railways—reforms for which the people have been clamouring for years past. The list of our unredressed grievances has remained practically the same since 1925 when I first listened to a debate on Railway Budget in this Chamber. Indianisation of Railway services by stopping the system of recruitment of the costly foreign element, the improvement of the condition of subordinate services, the manufacture of locomotives in India and change in the purchase policy of the stores, exercise of adequate control over company-managed railways and acquiring them immediately on the termination of the contract, improvement of the condition of labour and better treatment to Labour Unions, improvements of the amenities of third class passengers, abolishing discrimination wherever it exists between Indian and non-Indian interests and the regulation of the tariff and fare policy in the interests of the people, among a host of others, have been very long standing demands and there are no visible signs of their being complied with in the near future. They will remain unsatisfied desires so long as the interests of the British Imperialist policy in India and not those of the Indian people dominate the Railway administration. It is no use forgetting the fact that the Indian Railways are built with external capital and that our foreign creditors dictate the Railway policies in India. It therefore made very little difference to us whether an efficient British official was in charge of our Railways or an eminent Indian directly recruited from the ranks of our public life. They were both alike subject to the severe limitations of the system under which they worked. It is idle to expect any appreciable improvement in the present position until that system itself undergoes a radical change, so as to make the promotion of Indian commercial, trading, industrial and agricultural interests the main objectives of the Indian Railway administration. Even the British capitalists who have sunk about Rs. 800 crores in

Indian Railways have perhaps not much reason to be pleased with the efficiency of the Indian Railway administration, apart from the satisfaction they may derive from the fact that Indian Railways provide large scope for the employment of their countrymen to the exclusion of the sons of the soil, and afford facilities for remunerative importing of raw materials into and exporting of manufactured goods from their country. They have indeed reason to feel dissatisfied that even after several years of working adequate provision was not made for the amortisation of this capital and that the balance of reserves after writing off loans from the depreciation fund and all unpaid contributions to general revenues, as now suggested, amounts to no more than about 20 crores, a sum which would be considered wholly inadequate in any well managed commercial concern in which about 800 crores are invested. The claim made by the Railway Member in his speech that the Indian railways are reasonably efficient, they do their best to help the trade of the country and to adjust their policies to changing economic conditions cannot be accepted in the face of the available data. But, Sir, the attempt of the Indian people to get Railway administrations more and more under national control has met with a definite check from the British Parliament. According to the newly enacted Government of India Act, a new Statutory Railway Authority is set up which will be completely free from the control of the Federal Executive and the Federal Legislature. Therefore, we seem to be marching in the opposite direction in regard to our claim of subjecting the Railway administrations to the people's control more and more.

Coming to the Chief Commissioner's Budget speech, there are to my mind three matters of outstanding general interest in it. One of them is the reference to the appointment of the Wedgwood Committee to advise the Government on the improvement of the working of our railways. In regard to it, we must necessarily suspend our judgment till the report of the Committee is published and the Government tell us how they mean to profit by the Committee's recommendations. In the meantime, without prejudging the work of that Committee, we have every justification to protest against the composition of that Committee. The non-inclusion of an Indian in that Committee is to my mind wholly indefensible. The plea that there is not a single Indian railway officer or administrator in India who is competent to sit on that Committee is itself a sufficient condemnation of the manner in which the Indian railways were administered during the last half a century or more. The inclusion in the Committee on the other hand of an expert from a part of the world where the Indian is treated as an untouchable of the British Empire amounts to administering a double dose of insult. If the Indians look with suspicion upon the move for setting up such a Committee at this juncture they cannot altogether be blamed.

The next matter of special interest is the proposal to cancel *in toto* the arrears outstanding at the end of this year both of repayment to the depreciation fund and of contributions to the general revenues amounting in all to about rupees 62 crores or £45 millions. As the matter will be coming before this House again in the form of Resolution to modify to that extent the separation Convention of 1924, thanks, Sir, to your timely reminder to the Chief Commissioner about it, much of what may be said on it may be reserved for that occasion. But in the meantime, may I ask my Honourable friend, the Chief Commissioner, whether the proposal to write off these obligations and to start with a clean slate has not an intimate bearing on the impending installation of a Statutory Railway Board or Federal Railway Authority? Is the proposal due to an apprehension that if the arrears of contribution to the General Revenues are left outstanding, the Statutory Railway authority

[Mr. V. Ramadas Pantulu.]

will in some measure have to be answerable to the Federal Executive and the Federal Legislature as to how it manages the Railway Finances, while the new Constitution is anxious to liberate it from such control? Though it may be conceded that there is a better case for the cancellation of the repayment to the depreciation fund, may I ask whether there is sufficient foundation for the assumption that in the wake of the economic recovery to which we are all looking forward in the near future, the Railways will not again begin to earn sufficient revenue to discharge the arrears of contribution, at least in small instalments spread over a number of years? If there is such a prospect, what is the justification to treat those arrears of contribution as irrecoverable or to wipe them out just at this moment when signs of recovery are visible? Is there any special urgency now to settle our accounts with the Burma Railways? Though it is true that we shall have to pay some day the Burma Railways what may be due to them after separation, is not the time and mode of discharging of the obligation an important factor? Indeed, when my Honourable friend Mr. Hossain Imam moved a Resolution in March last urging the revision of the separation Convention, the Government spokesman opposed it mainly on the ground that the Federal Railway authority when set up would have to come to financial settlement with the Government of India and that consequently there was no need to revise the settlement in the meantime. Could not this wiping out or writing off—whatever you may call the process—also wait till that financial settlement is effected?

Then there is the much discussed rail-road problem with which the Honourable Sir Guthrie Russell has naturally dealt at some length. No one wants unrestricted or unhealthy competition between the railways and road traffic and where possible they may be made complementary to each other. The road system is not only useful to connect the fields of the cultivator with the nearest railway station for the produce to be carried to distant consumers, which is but a very small fraction of our total production but is equally if not more useful to connect those fields with the local markets where the large bulk of India's agricultural produce not consumed in the village of production is sold and bought. It is an wholly unsound policy to treat roads mainly as feeders of railways, in the future designing and development of the road system in India, specially rural India where internal communication is awfully inadequate. The Central Government must resist the temptation to unduly interfere with the Provincial Governments in their road development schemes in the name of protecting the interests of Railways in which no doubt Rs. 800 crores are sunk. Some of the reasons urged in support of the Bill to amend the Motor Vehicles Act have given rise to a legitimate apprehension that the Central Government is embarking on a plan of such interference and looking at the future of the road system with the glasses of the railwaymen. I hope and trust that the Government will do its best to allay these apprehensions, and to reassure the agriculturists and those engaged in the internal trade of rural India that their interests will not be sacrificed to safeguard the interests of the Railways. I am inclined, Sir, to think that the railways are slightly exaggerating the effect of the motor lorry traffic on their revenues, especially because since 1932-33 there has been an increase in the goods traffic on the railways. Again, it is only very recently that the Government have thought fit to order for 2,000 more wagons to meet the increasing traffic on the railways. If there is need for 2,000 additional wagons in this time of depression, it does not seem very reasonable to believe that the railway goods traffic is badly hit by motor lorry competition. So, on the whole I think the railways have not made out a case that the present competition of motor lorries on roads in

the interior of the country is a serious menace to the expansion of goods traffic on railways. The Railways can overcome much of the competition by the motor lorry by improving the efficiency of its own services to rural India. Notwithstanding the assertions of the Railway authorities to the contrary, the general impression among the agricultural classes is that sufficient encouragement is not given for the movement of crops and transport by railways, by suitable and prompt adjustments of their freight rates, to the changing economic conditions of the country. This impression seems to be well founded. Reporting in 1931 the Indian Central Banking Enquiry Committee on the strength of the evidence tendered before them said that "the railway freight on the requirements of the agriculturists and on agricultural produce itself was very high was a standing complaint against the present transport system of the country". The Committee cited striking illustrations of how this policy placed a severe handicap on the agricultural produce of this country in competition with imported articles from other countries, for instance at the time of the report the freight per maund of wheat from Australia to Calcutta was six annas while the Railway freight from Lyallpur to Calcutta was Re. 1-3-3. Similarly it was pointed out that some locally produced manures had to pay much higher freight rates than on the imported artificial manures. The Royal Commission on Agriculture also drew attention to some of the anomalies in our railway freight rates. After pointing out how freight rates are ordinarily the heaviest single addition to the primary cost of produce exported by rail and how a comparatively small difference in rates may mean the closing of an important market to a crop grower in a particular area, recommended "a periodical revision of rates with a view to the adjustment of their incidence as between the various sorts of produce according to their relative ability to bear". The question of freight rates on agricultural implements, fertilisers, fodder and fuel received special consideration at the hands of the Commission. They recommended that as far as possible the lowest rates should be charged on them so as to lead a substantial increase in the crop yield which in its turn is bound to lead to increased traffic on railways. It does not appear that any appreciable change has been effected in the freight policy to implement those recommendations. Without a radical reform in the present inelastic system of freights and without a genuine attempt on the part of Railways to cheapen and make more efficient transport service to rural India, their complaint about the motor lorry competition will not evoke any sympathy among the agriculturists. In this connection I would strongly urge on the Government of India not to interfere with the freedom of the Provincial Governments to shape their own road policies with reference to their local conditions. Any such attempt will be resented very strongly in the provinces and will also result in a set back to the well considered schemes which have been already planned in regard to road development in the various parts of India.

The action of the Government in extending the period of the contract with the M. and S. M. Railway which expires this year has caused considerable public dissatisfaction. A Resolution to take over that Railway immediately on the expiry of the existing contract was passed by the Legislative Assembly in February last year and was indeed not opposed by the Government. There are no valid grounds for ignoring that Resolution and giving long extension to that company. The money market conditions remain almost the same as at the time of the passing of the Resolution. What extraordinary difficulties the Federal Railway authority will be called on to face by the transfer of that railway to State-management is not clear, if that is the main reason for not effecting the transfer, as it appears to be from the Administration Report of the Railway Board for 1935-36.

[Mr. V. Ramadas Pantulu.]

Though there may be disappointment that the plea for a reduction in freight and fares with a view to give relief to trade and passengers thereby improving the earning of the railways has not been viewed with sympathy by the Railway Member, it is a matter for some satisfaction that he has however promised to effect tangible improvement in accommodation and general standard of comfort in travel, specially in regard to the third class passengers, whose case has been a hardy annual for years. I only hope that his sympathy will be translated into action at the earliest possible opportunity.

Other disabilities, however, are tried to be heaped upon third class passengers at present. Especially there has been very wide adverse comment on the attempt of Railways to lease out by vending to the highest bidder the liberty to sell food on the railway stations. Already the food supplied is of a very inferior quality and the cost is somewhat prohibitive. This new venture of the railways to get additional revenue by realising a large amount of fees by auctioning these contracts will very much deteriorate the food and it will make it more costly to third class passengers who are the main customers of these food stalls. I hope the Government will reconsider their decision in this matter. A more sensible way of doing it will be to prescribe license fees and to lease out these stalls to people who can be trusted to sell healthy food at reasonable rates. The licensing system obtains in many other spheres of public utility services and there is no reason why food stalls should be put up to auction on a competitive scale. Contractors who want to make a larger profit to meet the enhanced auction fees will naturally derive their profit by exploiting the consumer.

If the improvements in regard to accommodation and comfort of travelling are carried out, I hope there will be a substantial increase in the passenger traffic and that will be one way of finding a solution to the increasing competition of motor buses which are attracting more and more passengers to them.

I do not wish to go into various other matters which arise on the Budget. Sir, you have reminded us that many more Members are to be given opportunity to speak and I do not wish to take up their time. All that I wish to say is that Indian railways, generally speaking, have not shown sufficient interest in the development of our trade and agriculture. There are many disabilities under which both trade and agriculture are labouring under the present Railway Administration, and they are so well known that they do not require to be said in detail. The coal trade suffers from a surcharge. Though a part of it has been removed, there are still burdens on it which act as a handicap to the future development of the coal trade. Similarly the same can be said of other trades. The Royal Commission on Agriculture drew pointed attention to the fact that in certain matters the policy of the railway administrations is definitely discouraging to agriculturists. For instance, sugar-cane mills are not classed as agricultural implements and are taxed very heavily, thereby retarding the development of sugar-cane crushing as a cottage industry in many parts of the country. The Royal Commission have also pointed out that with regard to transport of cattle there are many anomalies. A new born calf of 2 days is charged the same freight as a full grown cow on a passenger train. The Royal Commission have said that it is utterly inequitable to do so. These and other matters of detail require sympathetic consideration from railway administrations and I have no doubt that they will receive the attention that they deserve. I close with an earnest plea that the Government of India should change their outlook in regard to the railway

administrations and that they should try to reorganise the transport system of the country in the true interests of Indian trade and agriculture.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab : Non-Muhammadan) : Sir, I wish to congratulate the Honourable the Commerce Member and the Chief Commissioner for the surplus Budget that they have presented to us this year. Sir, in case the railways are worked purely on commercial lines and in case no political considerations are attached to them, better results can be expected from the railways and I am of opinion that in case these political and other considerations had not played in the past, the railways would have fared much better in income than they have done in the past. Sir, this is the first year after 1929-30 that resulted in a surplus Budget.

During six years from 1930-31 to 1935-36, Reserve Fund amounting to 18 crores has disappeared, something like 31½ crores of the Depreciation Fund have been eaten up, and another 30½ crores which the railways were to contribute to the general revenues have not been paid. This means the huge amount of 90 crores as loss suffered by the railways during the last 6 years. It is very good luck indeed that railways have now begun to show surplus.

This good luck of the railways this year is due to the sudden recovery in goods revenues of the department. May be this sudden movement of goods is due to the fears of war, and the deterioration of international situation. In case this is true, we have no cause for excessive jubilation, and the Government is doing well in framing very cautious estimates for the coming year.

The passenger traffic has not yet recovered. In 1929-30 passenger traffic revenues were 35.75 crores ; today they are in the neighbourhood of 27 crores. This is a big drop. This is certainly due to the diversion of traffic to the motor lorries. In order to attract traffic to the railways it is the duty of the administration to improve speeds, give more facilities to the travelling public, and remove corruption prevailing at present among members of the railway staff. Another important thing that requires immediate attention is that rates and freights for internal trade should be made more attractive for business people.

During the last several years India has been following a protective policy, but the railways have done nothing to give better terms for the movement of raw material in the interior. It still continues to favour exports of raw material to the sea ports, and distribution of foreign goods from the ports to the interior. I believe this is one great reason why business men have begun to rely more on motor lorries and less on railways. That must necessarily mean heavy losses to the railways. We should overhaul the entire policy in this respect.

We must also remember that the administration is following a policy of over capitalisation. The railway finances were separated in 1924. From that year upto 1931, the Government had put into the depreciation fund 13.92 crores more than what was necessary for the renewals, etc. If excessive amounts had not been put in the depreciation fund and the expenses inflated, there would have not been losses to the general revenues. Then again what should have met on the maintenance from revenues has been charged to capital. That has increased the capital at charge, and has consequently increased the bill for interest. It is a step in the right direction that this defect has been realised and is being removed.

The decision of Government to meet the cost of the police kept on railway premises will give some relief to the provincial finances and will be appreciated by them. Sir, I fail to see why the loss on strategic railways should not be met

[Lala Ram Saran Das.]

by the Defence Department. In this House, Sir, it has been urged from time to time that in order to give a true state of affairs as far as the accounts are concerned we should show to the public the true accounts and that the defence expenditure should not be borne by any other department. Sir, Railway Authorities have moved in the right direction in relieving the provinces of the charges on police supplied to the Railways, they should also urge upon the Defence Department to bear the loss on strategic railways. It is all right saying that the loss on strategic railways is shown separately and public can very well understand that this is also a defence expenditure but, Sir, the true accounting demands that the loss on strategic railways should be borne by the Defence Department.

Sir, the Government have decided to write off the loans taken from the depreciation fund and the Finance Department of the Government of India has agreed to remit the arrears of contributions due to the general revenues from the railways. These two items amount to 62 crores. Perhaps there was no other alternative but to do this.

I am sorry to find, Sir, as my Honourable friend Mr. Ramadas Pantulu has also observed, that Government is again indenting 2,000 Broad Gauge wagons. Sir, as far as I have been able to collect the figures from the Government Reports before me, I find that there are 149,374 broad gauge covered wagons now being used on the Railways with a tonnage of 2,094,363 tons. If we add the tonnage of the open broad gauge wagons total comes to 2,919,342 tons. As far as the metre gauges and other small gauges are concerned the total number of wagons is 100,668 with a total tonnage of 7,22,942 tons. On the one hand, Sir, the railway authorities from time to time during the deficit years have been admitting that the traffic has gone down considerably. The number of wagons which have been acquired during the last five years has been according to the views of many quite unnecessary. So the justification for demand of 2,000 new wagons has not all been established. The movements of traffic have not fully revived. It is evident from the report of the Chief Commissioner and the Commerce Member, that the Traffic in chief commodities of coal and manganese have fallen short of previous years. So, Sir, there is absolutely no justification for the increase in the number of wagons and for the extra expenditure as the present number of wagons are quite sufficient for the traffic offering.

Sir, my friend Mr. Ramadas Pantulu has also remarked about the tax which has been indirectly put on food vendors. I know this matter was laid before the Advisory Committee on Railways but unfortunately that day I was not present, otherwise I would have urged that this tax should not be put. This tax, Sir, is a tax which will lead to a further deterioration of food. I know that the food vendors have to pay some sort of additional charges but those additional charges, I am afraid, will continue whether the vendors are taxed or not. I would therefore urge on the Railways not to impose this tax on foodstuffs on certain railways. Such a policy ought to be uniform on all the railways and I find that some of the railways like the G. I. P. tried this experiment and failed to make it successful. I will, Sir, lay on the table of this House a copy* of the views which have been expressed by the press and the public from which it will be evident how this proposal has been received by them. I will appreciate auction of contract for supply of luggage porters and station coolies.

* Not printed.

Sir, I must also join in the protest which my Honourable friend Mr. Ramadas Pantulu made as regards the personnel of the Wedgwood Committee. It is, Sir, a great slur on India and a great slur on the engineering experts whom the Indian Railways have in the past produced that no Indian has been considered fit enough to be included in its personnel. The inclusion of a person from the South African Railway is also keenly resented. A country, Sir, which does not treat the Indians well and a country where the length of the Railways is far smaller than that of India—I consider, Sir, that that has injured the feelings of the people to a considerable extent. The South African Railways as far as one can foresee will never have an Indian on their commission when they have any inquiry to make in connection with their railway administration.

Sir, although we urged in this House—and it was also urged in the other House—that as the prevailing rates of interest are now very cheap, Government must see its way to buy the Company-managed Railways whose leases expire and with whose administration the people were not satisfied, we regret this has not been done. I may particularly cite the instance of the B. and N. W. Railway about working of which a lot of hue and cry has been made in the Central Legislature as well as in the press. We felt that the Scottish influence will not allow the Government of India to acquire that Railway. That has now proved a true prediction, and Government has not seen its way to acquire the B. and N. W. Railway. My friends who come from Bihar will testify that the amenities and facilities on that Railway are non-existent. Notwithstanding various protests from the public, no improvement whatsoever has so far been made. When I put a question the other day on this subject, the Honourable the Chief Commissioner of Railways gave an evasive sort of reply, the reply being that purchase will not be remunerative. Sir, whenever such questions are put in order to elicit information, why should giving of full information be avoided in the manner in which it is done? We at least expect, when a Government Member does reply to such a question, that he should give reasons in detail that led Government to come to the decision of not purchasing the Railway. In case I rightly remember, I was told on the platform of this House that owing to the paucity of funds and owing to the economic depression, Government could not see its way to buy that Railway. I now urge upon the Government to have some regard for the wishes of the Central Legislature and not to flout their decisions in this manner.

Sir, notwithstanding there being a surplus Budget, the Chief Commissioner of Railways has not been able to tell us what further facilities and amenities he proposes to give to the third class passengers. The want of raised platforms on roadside stations, and the want of suitable waiting rooms or sheds and want of proper lighting at night have been brought to Government's notice and it is a pity that Government are not giving as much attention to these matters as they ought to do. In a business concern like the Railways one should proceed on business lines and try to please its constituents and customers. But the Railway Board, as far as these poor third class passengers are concerned, have not moved at the pace in which we expect them to move.

I am very glad to find from the speech of the Honourable the Railway Member that a trial of air-conditioned coaches is going to be made in the near future. I made that suggestion some years ago in this House and at that time, if I rightly remember, I was told that that was not commercially possible. I am very glad that after the experience of the American Railways the Government has thought fit to try the experiment in India. Sir, I have travelled in various parts of the world. While I was travelling on the Dutch East Indies,

[Lala Ram Saran Das.]

I found that the railway bridges there were very light in weight but strong enough for the loads which they were to carry. Here we find that in the girders of the major bridges, more steel is being used owing to latest design not being adopted. I should like the Chief Commissioner of Railways to throw some light on this matter as to why lighter bridges with stronger carrying capacity are not being built here.

Then I come to the most important question of the competition of lorries with Railways. It seems that the Railway Department, instead of mending their own ways are trying to force the Government to ruin the lorry services. In the present times of great economic depression it is useless to ask the Government to further develop the Railways and undertake new constructions. The development of India is going on at a pace which the Railway authorities are not following. Communications in India, particularly the rural communications, are now being served by the lorry. Therefore, the discarding of the lorry will force hardship on rural people and will result in many thousands of people being thrown out of employment which will certainly add to unemployment in India. As far as the Railways are concerned, I should say that they must devise methods by which they can capture more traffic, but the increase in fares which have been forced from time to time by the Railway authorities have, to my mind, proved a failure. Notwithstanding the increase in the fare rates, the Railways have not been able to add to their income. So, Sir, I must say that if Railways want to capture the lorry traffic, they must give more and more facilities and amenities to the passengers, particularly to the third class passengers, and reduce their top heavy over head expenditure.

Notwithstanding the fact that the Railways have been showing a deficit from year to year, there has been no abolition of the Lee Concessions or the unnecessary higher establishment. There was an impression some time back among the public; which of course is not true to the letter, that there were more officers in the office of the Railway Board than clerks.

Then I come to the expenditure on workshops. After the Dickinson report on workshops, I am glad to say, there has been a considerable improvement in the cost of workshop production. But we have to see whether that decrease in the cost of production has resulted in the efficiency which was maintained by the railways in the past. My information—which I consider to be right—is that the quality of the coach work carried out, particularly by the North Western Railway, is not up to the mark it used to be before. I hope that due regard will be paid to the reduction in workshop expenditure. I might repeat what I said some time back in this Honourable House, that there were certain firms in India, *e.g.*, Burn and Co. Ltd., who offered to do all the workshop repairs at half of what it cost in departmental working, but for political and other reasons their offer, I understand, was rejected. But the reduction of expenditure in cost of production in workshops is a matter which we ought to keep always in view keeping the quality of the work.

I am glad that capital expenditure on and value of standing stock which was always kept on hand in general stores has been reduced. On that I congratulate the railway authorities, particularly the North Western Railway, where the value of stock on hand has been reduced by several millions.

Sir, the Honourable the Chief Commissioner has not told us whether, notwithstanding this surplus, the surcharge on coal for internal use will be done away with or not. That is a very important question.

THE HONOURABLE THE PRESIDENT : You will have another opportunity of discussing that question when the General Budget comes up.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Sir, on the General Budget my fear is that I may be overruled on the ground that when time was given for discussing the Railway Budget, we should not include railway items in discussing the General Budget.

THE HONOURABLE THE PRESIDENT : Well, I will not overrule you.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Very well, Sir, I won't develop that point here.

Then I come to the question of capturing more goods traffic. This can be done by speeding up the goods train and by lowering rates of freight where necessary. At present, as far as the Punjab and the United Provinces are concerned, we are lucky that our wheat surplus has found its way to other countries. For several years past there was practically no export of wheat; but this year, perhaps because of rumours of war and other international reasons, there has been a good export of wheat. I wish to say, and I say it with a feeling of regret, that as far as the development of industries is concerned, the railways are not found responsive to the extent that we expect. It is the sacred duty of the railways to develop the resources and industries of the country, and in regard to industries that responsibility has not been met to the extent it ought to have been.

Then I come to the question of the revision of rates of pay of the artisans imported from England on covenants for the workshops. India now possesses very good artisans of all trades, and I would urge upon railways to stop the recruitment of covenanted men from foreign countries except in the case of trades for which people cannot be had in India of the qualifications required.

Then I would also urge the railway authorities to try to combine the bus services with the railway and to issue through tickets. I am glad that the railways have started that experiment, but so far it has been on a very limited scale, and it will not prove a success unless it is tried on a larger scale.

With these observations, Sir, I resume my seat.

THE HONOURABLE MR. G. R. PARKER (Bombay Chamber of Commerce) : Sir, I think that there is general agreement on this occasion that the Honourable Railway Member and the Honourable Sir Guthrie Russell and the staff of all the Railways are to be congratulated on the improvement shown in the figures which are now before us. I think the Honourable Sir Guthrie Russell was a little rash when he attributed the position mainly to the staff. It might be argued that the recent unsatisfactory results were due to the staff also. I should attribute them myself to the improved conditions.

I will attempt to deal with what seemed to me to be the most important points in the order in which they were mentioned by the Honourable Sir Guthrie Russell in this House. He referred to certain changes in the system of accounting. Last year I drew attention to inaccuracies which result from the method adopted in calculating depreciation. While I am sorry that Government have not seen fit to alter the basis as I suggested they ought to do, I appreciate that the present state of the Depreciation Fund, and indeed the state in which it has always been, makes it desirable that any error should tend to increase rather than to diminish the fund, and I admit that the Government's basis of calculating depreciation though scientifically unsound

[Mr. G. R. Parker.]

does increase the immediate charge for depreciation, and thus in an unmethodical way tends to rectify errors of the past.

The first change which my Honourable friend mentioned has unfortunately *prima facie* exactly the opposite effect. There may be some explanation, but I myself can see none which would satisfy me for any commercial undertaking. He proposes to charge to the depreciation fund and not to capital any excess over the original cost when replacing an asset by an identical asset. Now in my submission this is a totally mistaken proposal. It is from a business point of view a completely unscientific way of looking at the matter, and there is no ground whatever for supposing that there is anything in the depreciation fund to meet such expenditure. It has not been provided for. Far from being a safeguard against over-capitalisation, it is making over-capitalisation not only more likely but normally certain. I ask Honourable Members to bear this point carefully in mind. The real statement of capitalisation is the book value, that is, the cost, of the assets less the amount of the depreciation fund. If you charge the excess over the original cost when you replace an asset by an identical asset to the depreciation fund and not to capital, you do two things. You reduce the amount in the depreciation fund by an amount which I have already said is not in the fund, and you reduce the amount of the gross book value of the assets by the same amount, with the result that your net book value is exactly the same. But the subsequent result is that having, as I say, wrongly used the Depreciation Fund for this purpose you then proceed to provide less depreciation in the future owing to the fact that your gross book value of your assets is understated and your depreciation is calculated on this lower gross book value. You at present calculate your depreciation, I understand, as 1/60th of the capital and you propose now to understate that capital. In other words, your net book value for the moment is the same whichever method is adopted, but on the basis you adopt your charges to revenue in respect of depreciation on assets are less and improperly less.

I crave the indulgence of Honourable Members while I elaborate this subject a little more. It really is a matter of very grave importance. If you go on only charging the original cost of the first item purchased to capital and charging the balance to the Depreciation Fund you are not ascertaining accurately what your results are in any one year. You do not know what your total expenses are in any one year. Your real expenses in respect of assets of this kind are the depreciation of those assets over the period for which they are used and if, as has happened in our life time, the cost of assets of a particular kind is greatly increased, you are showing unduly good results during any year to the extent to which you are not in fact providing depreciation on the cost of the assets in use. The suggested method leads to confusion and is misleading and the longer it is applied the worse the confusion will be and the greater will be the lack of truth in the records, and therefore the greater the risk that mistakes will be made in the rates charged to the public. It is essential to know with the very greatest possible accuracy the real position; the real cost of the assets and the real cost of running the undertaking.

Once you start to provide depreciation out of revenue you must cost your assets accurately. If you do not, you do not know what it is costing you to run the undertaking. The proposal to debit such items to the Depreciation Fund results in relieving the charges against revenue in future years of charges which those years ought to bear. It results in your over-stating

the value of your assets because it results in your failing to provide depreciation in respect of that portion of the cost of those assets which you are charging to the Depreciation Fund at the time when the asset is acquired. It results in your thinking your profits are greater than they are in fact and it results in your thinking that your assets are of greater value than they are in fact. When you purchase an asset you must be doing so on the assumption that it is worth the money you are paying for it and that the cost of it can in due course come out of revenue during the time that it is in use. The moment you put a wasting asset into use a charge arises against revenue in respect of its use. In other words, depreciation must be provided on it and this amount goes to increase your Depreciation Fund and thus to reduce the net book value of the asset.

I hope I have said sufficient to make it clear that the suggested debits to depreciation in respect of part of the cost of new assets ultimately results in a higher capitalisation than we would get if such items were debited to capital.

The second change to which reference was made was the charging to the Depreciation Fund of certain renewals hitherto charged to revenue. This is correct and I agree it is desirable, provided the matter is given due consideration in assessing the lives of plant over which depreciation is being calculated.

I also agree with the third change, *viz.*, the credit to the Depreciation Account and not to revenue of sums received from the disposal of replaced assets.

As the owners of the Railways have in the past taken all the profits, having, in my opinion, been unwise enough to create no reserve against the rainy days through which we have been passing, it may be appropriate to cancel the debit due to the Depreciation Fund and the arrears of contributions to general revenues by the railways. It is clear that the Depreciation Fund must be made good hereafter out of revenue sooner or later and that in one form or another the public who own the railways will benefit in respect of anything available over and above the amounts required for depreciation, but the balance arrived at in the manner indicated in the Budget is not, as it is called, a surplus in the real sense of the word. It is certainly not profit in the commercial sense and it is not a sum which is properly available for general revenues. Until the Depreciation Fund has been made good, *i.e.*, has been made absolutely adequate, and until there are reasonable reserves to provide for fluctuations in revenue such as we have already experienced to a serious extent, I do not think that it is fair to say that any profits are available at all. The whole question is bound up with the existing convention and I do not think that it is sufficient to deal with the debt due to the Depreciation Fund and the arrears of contributions to general revenues by themselves without reviewing completely the terms of that convention and I hope Government will indicate their intention on that main issue. I have always regarded the present convention as thoroughly unsound. I do not believe that any business man would think of dealing with the finances of a large undertaking on a basis of that kind. It is based on the assumption, which experience has shown is completely unsound, that it is reasonable to spend the whole of your profits in good years and to borrow to pay your deficits in bad years. If my Honourable friend the Finance Member seriously intends to take what is described in this Railway Budget as "an estimated surplus" and to use it as income, I tell him that he is living on his capital.

[MR. G. R. PARKER.]

I do not believe that Railways, in the nature of things, in the future can be expected to earn more than a comparatively low return of the capital employed, more especially now that the time has come when they must or ought to lose such advantages as a monopolistic State gave them in the past and give way, where the public will be better served, to more up to date or suitable methods of transport. It is not only useless but it is extremely unwise for any nation to imagine it can ignore the progress made in other parts of the world. We must allow transport by air or by road to develop. The tax-payer, as the owner of the railways, is in the position of any owner of a business : there comes a time when he must substitute in part or in whole the new for the old, the aeroplane and the motor car for the railway. All methods of transport must be organised and the best use should be made of them jointly, regarding the problem as one, and here I cross swords with the Honourable Sir Guthrie Russell. I do not agree that no useful purpose can be served by any detailed examination of the economics underlying the suggestion "that the loss to railway revenues would be less than the gain to Government from the advent of the motor vehicle". It is a question of extent. Let there be no mistake about it. What we must think about is the national good, not merely the figures of revenue and expenditure of Government itself, although I would be the last to underrate the importance of these.

As the Honourable Sir Guthrie Russell himself said in his speech, what we want is the dispassionate examination of the whole question of communications. This I feel confident we shall be in a very much better position to carry out when we have before us the views of those eminent authorities known to us as the Wedgwood Committee, who have now so nearly concluded their labours.

I am very glad, like the Honourable the Leader of the Opposition, to learn that a practical experiment is being tried with air-conditioning. He is not in the House, but I know by experience that air-conditioning has come down in cost considerably and is very much more efficient now than when he suggested it some years ago. For my part, I think that just as in cold countries methods have been found to warm trains in cold weather, so in hot countries we shall shortly think it quite unreasonable not to provide air-conditioning. I can hardly imagine that 25 years hence there will be any buildings of real importance or any trains in India which are not equipped in this way. In the early stages of development I think that the ordinary traveller will gladly pay a supplementary sum in return for this amenity and that the number of passengers travelling by train will increase as a result, for many of us are fully conscious that at any rate during the hot weather we do everything we can to avoid a journey in this country.

I would like, if I may, to end on a somewhat personal note. I have heard it said during the last few days that some Members of the Legislature who represent commerce, as I do, only express the views of vested interests. As far as I am concerned, I can completely deny that. I consulted my Honourable friend Sir Charles Arthur and he says he is exactly in the same position. I have been very much struck since I have represented the Bombay Chamber of Commerce by the fact that they will not put forward a view on behalf of any sectional interest if they think it is against the national interest and I would ask all Honourable Members to accept that as an absolutely faithful assurance. As far as I am concerned, I may here state that more than 99 per cent. of all my money—a very small amount of money—is in Government of India securities. (Applause.)

*THE HONOURABLE MR. KU MARSANKAR RAY CHAUDHURY (East Bengal : Non-Muhammadan) : Sir, it is with a dull spirit that we enter into any discussion in this House, weighted as it is with a heavy official block. Specially are we handicapped in this particular new Session having been faced with the Railway Budget immediately at its beginning without being able to elicit any information from the Government Members upon any important matter. There is another difficulty facing us in the appointment of the Railway Inquiry Committee which has not yet submitted its report. This Committee was appointed without the Legislature being taken into the confidence of the Government. Its personnel is entirely non-Indian and the method of inquiry is to my mind entirely wrong. What should have been done was that experts from India or a competent officer of the Indian Government should have visited foreign countries and obtained the necessary information and acted upon it, instead of being spoonfed by foreign experts. These foreign experts have no direct knowledge of affairs here and are unconsciously biased in favour of foreign conditions and interests to the detriment of the interests of India.

Coming now to the Budget, we find that the Railway administration has been working at a loss for the last 7 years, and it is only this year that it is expected to work at some profit and that is owing to the writing off of a large amount from the depreciation fund and the remission of arrears due to the General Revenues. The Railway Budget was separated from the General Budget with a view to its being run on commercial lines. If this is how that is being done, the sooner the former method is reverted to the better.

Coming now to the Budget figures, we find that the cost of administration is very high. The cost of general administration and staff charges under head 6A is 20 to 79. Under 6B it is 47 to 163. Under 6C it is 13 to 58. Under 6D it is 14 to 28. Under 6E which is the traffic department which is under general administration, it seems to have had negative operations before and to have ceased to operate this year, there being no figure but for operating charges. Comparing the administration charges even of company-managed lines working here we find that they are less than the State-managed lines,—the operating charges in some cases being 4 to 3 as compared with 6 under State-managed railways. The Honourable the Chief Commissioner the other day, in reply to my friend the Honourable Lala Ram Saran Das, stated that the B. and N. W. Ry. system was not acquired because it was unremunerative. The Budget this year of that Railway shows some profit but strangely enough the explanatory memoranda submitted along with the budget does not disclose the state of affairs of the B. and N. W. Ry. The Eastern Bengal Railway system had always been working at a loss for several years and it is only this year that there is expected to be some profit but if we compare the income from goods traffic of this railway with that of other railways as compared with passenger traffic, we find that it is very poor. This is perhaps due to the complication of steamer and other water communications. Still the Railway authorities have from time to time been giving up their steamer services in favour of the steamer companies, although much is now being made of the road traffic competition.

Coming now to the amenities offered to the lower class passengers, the previous speakers have already extensively dealt with this and I only mention the difficulties and hardships caused to them by the late issue of tickets immediately before the departure of the train. The convenience of the passengers ought to be looked to and there is no excessive cost involved in this.

* Speech not corrected by the Honourable Member.

THE HONOURABLE KUMAR NRIPENDRA NARAYAN SINHA (West Bengal : Non-Muhammadan) : Sir, at the first blush I am tempted to congratulate the Honourable the Railway Member and the Honourable the Chief Commissioner of Railways for the budget showing a surplus of 15 lakhs which, on critical examination, may prove illusory. It will be unwise for me if I were to call into question any features thereof pending the findings of the Wedgwood Committee. But, Sir, in passing I must say that I consider it an insult to the Indian intellect that no Indian was found fit by the authorities to be included as a member of the Committee and with Diogenes' lantern they had to find a person from South Africa to sit on the Committee, the nationals of which Dominion look upon the Indians in that country like so many pariahs.

Sir, the proposal in the Budget speech in both Houses that strikes me as most queer and unusual and which I cannot dismiss without a protest is the bland suggestion to wipe off the contingent liability on the part of the railways to the tune of 31 crores towards the General Revenues and more or less an equal amount towards the Depreciation Fund with the idea of enabling them to begin with a clean slate from next year without the fear of any criticism either from the Government or the Legislature. The suggestion to my mind, Sir, cannot appeal to us in any way. They can modify the Railway Convention arrived at by the Legislature with the approval of the Legislature, but the liabilities hitherto standing cannot be allowed to be wiped off altogether. So long as the liabilities of the railways towards General Revenues will stand, the Legislature will have the chance of having a say in railway matters affecting finance. In fact no sooner will the railways be freed from their present obligations than the Statutory Board in view will become fully independent of the Legislature and will take to doing things as they will without any regard to public opinion. This will, instead of making the Railway Board autonomous as we desire it to be, result in its being autocratic which we do not for a moment wish.

The other proposal of the administration of experimenting with air-conditioned first-class coaches reminds me of the general level of the poverty of the country and looks like giving ruffles to a man who wants a shirt.

THE HONOURABLE MR. P. N. SAPRU (United Provinces Southern : Non-Muhammadan) : Sir, I desire to congratulate the Honourable Sir Guthrie Russell on the clarity of the speech which he made in presenting the Budget on the 16th. The House is indebted to him for a lucid statement of the position in regard to what is our greatest State-managed concern. The speech shows that for the first time since 1929-30, there is going to be a surplus, though a small one, both in 1936-37 and in 1937-38. The Budget estimates of 1936-37 had anticipated a deficit of 3.44 crores. The revised estimates, however, show that there will now be a surplus of 15 lakhs. The surplus is not unexpected as weekly reports of increased traffic earnings had prepared us for better results in the current year. The improvement in the revenues has been due in the main to increase in goods traffic. This is good so far as it goes, because it is an indication of a revival of both internal and external trade, and particularly of an increase in export of certain commodities as well as oilseeds. It may be hoped that the actuals will show still better results. Sir Guthrie Russell said that in framing the Railway Budget estimates Government had erred on the side of caution. He has told us that we are not, particularly in view of the international situation, yet out of the woods. I am not prepared to quarrel with him in regard to those conservative estimates. No doubt there are signs, as I have said, of a trade improvement. But the international situation is getting more and more complicated and much of

the industrial activity in European countries is due to the feverish preparations which are going on for a world conflagration in Europe.

The estimate of receipts from goods traffic has been put at $\frac{1}{2}$ a crore below the present year. It is quite likely that this estimate will be exceeded if peaceful conditions continue and the international situation improves. We have to remember that traffic receipts have shown a steady upward tendency since 1934 and there is therefore reason to think that there will be, if there is no abnormal disturbance, a further rise in 1937-38. From the 1st April we shall have the Burma Railways separated from the Indian Railways. This separation should prove beneficial to Indian Railways as the Burma Railways have been running at a loss. For the first time since 1929-30 the Indian Railways are going to make a small contribution to the Indian Exchequer. Under the Otto Niemeyer Report the provinces will not be able to get a share in the income-tax receipts unless the Railways begin to contribute their full quota to the Central Revenues. There is need for a further rapid development of the social services in this country. It is therefore of supreme importance that our Railways should begin to pay as early as possible. I am therefore not disposed to quarrel with the proposal that the liabilities of the Railways on account of loans from the Depreciation Fund and unpaid contributions to the General Revenues should be written off. As I understand the proposal, it should help us to start the future with a clean slate. These accumulated liabilities, which amount to the huge figure of 62 crores, cannot, as far as one can see, be liquidated within any foreseeable future. If these liabilities were written off, probably the position would be better for the future. I speak with hesitation because I am not a financier. The Honourable Mr. Kunzru and the Honourable Mr. Hossain Imam will be able to deal with these aspects much better than I. I find myself in general agreement with the proposal of the Chief Commissioner in this respect. I am not therefore disposed to quarrel with the view that the separation Convention should be revised. It is true that by revising the Convention the General Revenues are definitely abandoning all claims to the recovery of 31 crores under the present Convention. As the Honourable Sir Guthrie Russell has rightly pointed out, the General Revenues are likely to benefit far more under the arrangement suggested than under the present Convention inasmuch as if the present Convention is not modified as suggested, the General Revenues will receive nothing until the Depreciation Fund has been repaid over 31 crores. If our financial position improves and railway earnings increase, with the liabilities in regard to the Depreciation Fund and the contributions to the General Revenues for the past years written off, it may become possible for us in the years to come to get some contribution from Railways to the General Revenues. I am therefore disposed to agree with the view that the separation Convention of September, 1924, should be modified.

I will now go on to make a few comments on certain other aspects of Railway Administration. The first thing that strikes one about our Railways is that our working expenses are too high and there is going to be an actual increase in the working expenses in the coming years. The increase, we are told by the Chief Commissioner, is due to the fact that expenses incurred by Provincial Governments in the provision of police required for the maintenance of order on the Railways will hereafter be borne by the Railways. Now, the whole question of the working expenses of the whole of the Railway Administration is going to form the subject of an inquiry over which Sir Ralph Wedgwood will preside. Now, Sir, there is just one question which I should ask about this inquiry. Why has it been considered necessary on an inquiry of this character to exclude Indians altogether? It cannot surely be

[Mr. P. N. Saprú.]

argued that competent Indians to serve on this Committee were not available. Railways in India were introduced about the same time as railways in Japan. Why should it be necessary for India after more than 80 years of railway administration to entrust the task of reorganising her railway system solely and entirely to foreign experts? Is it not a sad commentary on railway administration that it should not have been able to find a solitary Indian in a land which has 350 millions to serve on a committee which was going to reorganise the railway administration of this country? I am not opposed to foreign experts, but I should like Indian experts also to be given a chance. I am sorry that Sir Zafrullah, who occupies a very distinguished position in the public life of this country and who I am sure is in touch with the main currents of thought and feeling in this country, should have failed to understand the sentiment in regard to this matter. The real reason, Sir, why Indians have been excluded is that it was desired, so we have been told, that the inquiry should as far as possible be free from any tendentious character. Tendentious questions in the dictionary of our foreign experts are questions on which patriotic Indians hold a different opinion and advise a different policy from that which recommends itself to the exploiting interests. The Committee is composed exclusively of non-Indians, and the only inference that one can draw is that the inclusion of Indians was considered undesirable by the Commerce Department. The Government of India must not blame India and Indians if they resent the slur which has been cast on India by the exclusion of Indians from this Committee. Is it a continuation of the policy of the Simon Commission?

Another question to which I might draw attention is that henceforth with the departure of Sir Raghavendra Rao, we shall have no Indian on the Railway Board. I was glad that the Honourable Sir Guthrie Russell paid a tribute to the great services which Sir Raghavendra has rendered as Financial Commissioner to the Indian Railway Administration. He has been from all accounts a successful administrator and he has shown that the Indian is capable of giving a good account of himself in a position of trust and responsibility. There was an undertaking in 1924 that Indians would be represented on the Railway Board. What has happened to that undertaking? Why is that undertaking not going to be observed? Is it seriously suggested that there is no competent Indian to be a Member of the Indian Railway Board? It is a pity that this should have been done, and I think it is necessary to record an emphatic protest against the exclusion of Indians from the Railway Board, because really it is exclusion and nothing else.

The railways of India, Sir, represent, as I said, a great national undertaking. Some of the principal lines are owned and controlled by the State and Indian opinion has throughout been insistent that all railways should be managed and controlled by the State. Now, I am not going to argue the case for State versus Company management. That case one will find set out in any elementary text book on Indian economics. I will state what is our experience, namely, that State-owned railways pay greater attention to Indian requirements and Indian interests than companies which have their Directorate in a land situated 6,000 miles away from India. The proportion of Indians in the railway services controlled and managed by the Government of India has increased. Indian opinion therefore has throughout been insistent that the Government of India should exercise their option to purchase railway concerns whenever opportunities occur. The contract with the B. and N. W. R. expired in 1932 and again in 1937, but the Government of India

have on both occasions declined to exercise their option. Now, Sir, we are entitled to ask this question. Has there been any change in the policy of the Government of India in this matter? What is the present policy of the Government of India in regard to this question of State versus Company management of Indian Railways? If there has been a change in the policy of the Government of India, why has there been this change? Why is there this going back on the policy which was enunciated and accepted in 1924? It is no use your telling us that funds were not available to purchase the B. and N.W. R. and M. & S. M. R. Loans could have been floated in the market for the purchase of the lines. Money is cheap in these days and a loan of this character would have had a healthy effect on the Indian market. Are there any particular interests—and we are entitled to ask this question—which had to be respected so far as the B. and N. W. R. is concerned? We want a straight answer to this question, and I must therefore enter a strong protest against the policy which has been followed in regard to State versus Company-managed railways.

Sir, I am interested in Indian labour and I should like before I conclude to make a few observations in regard to the policy of Indian railways towards labour. I have always maintained the view that the State ought to be a model employer. There are certain humanitarian considerations which must take precedence over all other considerations, and even though we are interested as tax-payers and as citizens in India's railways, we cannot allow purely commercial considerations to outweigh certain human values. Therefore I must press for an implementing of the Washington Convention in regard to the railways which was ratified in 1921 but which has not been given effect to so far. Also, Sir, I would like to make a reference to the recent strike on the B. N. R. I am glad that the strike is over. I do not wish to go into the merits of the strike. For my part I am unwilling to believe that the men had no genuine grievances. I know Mr. Giri and I know that Mr. Giri is a most moderate man, and I find it hard to believe that he would have been a party to a strike unless the men had a genuine grievance. Now I am not going into the merits of the strike. The point that I wish to make is that the strike dislocated business all over Northern India. Our Cawnpore merchants, who depend for their coal upon areas which were affected by this strike, were loud in their complaint, and little was done to settle the strike within a reasonable time. The Cawnpore merchants and merchants in other parts of the country had to suffer heavy losses. Business was dislocated everywhere. I know that the Department of Industries and Labour, which is represented by our good friend, the Honourable Mr. Clow, in this House, was doing informally all that it could to bring about a settlement of the strike. But, Sir, there is an Act on the Statute-Book and that Act is called the Trade Disputes Act and the question that I wish to ask is this. Why was there no action taken under the Trade Disputes Act? The railway men wanted the Government of India to intervene and set up a conciliation board under the Trade Disputes Act. They approached the Government of India before they started the strike. They approached it during the continuance of the strike. What is the use of having conciliation machinery when you will not utilise that conciliation machinery? Government under the Act could have acted on its own initiative and the question therefore that has got to be answered is, why were the provisions of the Act not utilised? What were the objections to the matter being dealt with under the Trade Disputes Act? I cannot therefore congratulate the authorities on their attitude towards the B. N. R. strike.

Sir, I would like also to say a few words about rail-road competition. I am one of those who have no horror of greater State intervention in industry.

[Mr. P. N. Sapru.]

In fact, Sir, I believe that in the modern world we need greater and greater State control, greater and greater State management and greater and greater State ownership. But I also feel that we can only evolve a satisfactory policy in regard to this rail-road competition if we will face certain unpleasant facts fairly and squarely. Means of communication in this country are poor. We desire to see a rapid development of communications. The country side is yet to be opened up. The peasant needs markets for his produce and if he is to be made independent of the middleman, then means of communication must improve and he must get direct access to markets. We are going to have a new political structure after April 1st which will make it necessary, if democracy is to be a reality, for the Member to be in touch with his constituency. The average man—and we have got to remember that this country is a very poor one—the average man finds the present railway rates excessive and railways do not provide him with certain amenities to which he feels he is entitled. When we want any amenities, we think of first class passengers, air-conditioning of first class compartments. I am personally opposed to any air-conditioning of first class. I travel first class myself, but I would rather go without those amenities. I want amenities for the poorer section of my country. I want amenities for the third class passenger, the third class passenger who does not get a fair deal. These third class carriages are absolutely a disgrace to any railway administration. There is far too much overcrowding in these carriages, seating accommodation in these carriages is bad, the sanitary arrangements are even worse. There are no fans in the compartments. Our third class waiting rooms—I know the condition of the third class waiting room in my own town of Allahabad—our third class waiting rooms are often situated outside the main railway station and they are not even properly covered. Trains are far too few and the principal trains do not stop at wayside stations. These are facts which we must remember in evolving a policy of co-ordination between railways and motor lorries. The interests of the poor must be supreme with us and we ought not to allow mere considerations of revenue to influence our decisions. Unless our railways therefore improve their management, I am not prepared to agree to proposals such as are to be found in a Bill now before the other place.

Just a few words about ticketless travel. I am afraid the evil is being exaggerated. Why cannot the position be improved by greater supervision? Why is it necessary to have a law which will alter all our conceptions.....

THE HONOURABLE THE PRESIDENT: I am afraid this question does not fall directly within the purview of this Railway Budget.

THE HONOURABLE MR. P. N. SAPRU: Sir, I only referred to it because the Honourable Sir Cuthrie Russell in his speech referred to it.

Sir, before I conclude, I would like to join in the tribute which has been paid by the Chief Commissioner of our Railways to our railway men and particularly to the low paid and hard-worked employees of our railways. They represent a deserving class of public servants whom we, who are more fortunately situated in life, should not forget. There is far too much criticism of these poor railway employees and I certainly as one who occasionally comes into touch with them feel very much for them. Sir, I was glad that Sir Cuthrie Russell paid a tribute to the hard work that they put in for our railways.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: But their passes have been reduced.

THE HONOURABLE MR. P. N. SAPRU: I am sorry their passes have been reduced. I should have been glad if their passes had been increased. These, Sir, are all the observations I have to offer on the Railway Budget.

THE HONOURABLE MR. V. V. KALIKAR (Central Provinces : General) : Sir, I rise to congratulate the Railway Member for presenting a surplus budget at least this year. It is more creditable to him, Sir, as he is coming straight from public life and as he has to manage a very big department of public service. Well, there are at present facts which a layman can notice and for which a layman can hold responsible the Railway Administration in India. Three things are clear to him. The Reserve Fund has disappeared, the depreciation fund has gone down and there have been no contributions to the general revenues for the last six years. These three things do not speak well of the Railway Administration in India. Well, Sir, my Honourable friend the Railway Chief Commissioner has told us in his speech that to some extent the earnings of the railways have gone down on account of the bus competition. I believe that the railways are to some extent responsible for the lowering of the revenues in that connection, as the railways do not give as much facilities to the passenger traffic as the bus gives them and therefore the poor peasants and the countryside people prefer buses to railways on account of the low rate of freights as well as on account of the low rates of passenger traffic. I am not one of those, Sir, who believe that this cut throat competition should be continued. But I certainly believe that there is full scope for all means of transport in this sub-continent and if the railways and the roads have got a co-ordinating policy, this difficulty would be easily solved. Sir, there are other causes also to which I shall make a brief reference but

to me it appears that the railway administration in India have not taken into consideration the suggestions made by the Pope Committee, I mean the suggestion about the amalgamation of all the railways in India. If that suggestion had been carried into effect I believe the railways would have gained something by way of lowering the overhead charges and that there would have been an actual gain of 3 crores to the railways if that decision had been followed. I want to know, Sir, from the railway authorities as to why that decision has not been yet acted upon. My Honourable friend, Mr. Sapru, has taken to task the Railway Member for not including an Indian in the Wedgwood Committee. I refuse to believe, Sir, that the Railway Member is responsible for it. The more so as he comes directly from public life. He might have thought that if he had not taken up the cudgels on behalf of Indians in this matter it would create a great agitation, and I would say the people of India would regard it as an insult to them. I think this policy is dictated by Whitehall and not by the Railway Member. As in the past the Simon Commission had a very bitter experience I thought the authorities who were responsible for making appointments on this Committee would have learned a lesson and appointed an Indian on this Committee, but, Sir, the past experience which the authorities have gained so far in regard to the Simon Commission has not been taken to heart and even now it has been given out to the world that there is no capable Indian who can work on that Committee and who can inquire into the administration of railways. Sir, I have no grievance against the personnel of the Committee. I take my stand on a constitutional point and that is, that in every department of public service Indians have got a claim to be associated and therefore on this Committee the claims of expert Indians ought to have been recognised. Is Indian talent at a discount? Sir, it is most unfortunate that when an Indian public man is at the helm of affairs of Indian railways in India he should not find it possible to appoint an Indian on this Committee.

[Mr. V. V. Kalikar.]

Sir, then I want to say a few words about the interests which the Indian Railways serve. From the facts and figures about freight rates it seems to me, Sir, that the Indian Railways look to the interests of other countries rather than that of India. I say this, Sir, because the freight rates are favourable so far as goods to and from the ports are concerned but the freight rates so far as internal trade is concerned are most discouraging to the Indian industry. I know, Sir, that there are some favourable rates quoted for the steel and coal industries, but there are smaller industries, there are unorganised industries in the country and if favourable rates are fixed for these industries the railways would be encouraging not only the internal trade but the Indian industries also. I therefore say, Sir, that this point should be seriously considered by the Government and proper steps be taken to encourage organised as well as unorganised smaller industries in India.

Then, Sir, much has been said about the neglect by the Railway administration of third class passengers and I also want to add my word of protest. This I am doing, Sir, because my Honourable friend the Chief Commissioner is going to introduce the air-conditioned carriages in future. I do not know personally about the air-conditioned carriages but I would rather request him, Sir, to look first to the bare necessities of the third class passengers rather than to introduce these costly air-conditioned carriages on the Indian railways. The third class passengers are huddled up like cattle in the compartments. They have got no waiting rooms on the roadside stations and the waiting rooms that exist at the big stations are not quite sufficient or quite sanitary to accommodate them. The third class carriages are most insanitary; they have not got sufficient lavatories and a complaint has just been made that a food tax is going to be levied and they will not in future get good food. So instead of spending money on air-conditioned carriages I would request the authorities to give bare necessities to third class passengers. Then when they can find sufficient money they can think of proposals like this. But first it is the duty of the railways to look to the bare necessities of the third class passengers instead of indulging in such luxuries.

Sir, I also join the Railway Member and the Chief Commissioner of Railways in paying a tribute to the outgoing Financial Commissioner, Sir Raghavendra Rau, but, Sir, from the speech that I have heard just now of my Honourable friend Mr. Sapru I have come to know that no Indian is going to be appointed in his place. I have again to record my protest, if that information is correct. Can the authorities say, and say honestly, that Sir Raghavendra Rau has not well managed the finances of the Railways? If not, why did they not extend his term of office, or could they not find any other Indian to take his place when he goes away? These are pertinent questions which the authorities must answer, and answer to the satisfaction of the country. It is another instance of showing to the world that Indians are not capable. When we find that Indians are capable of being Governors, Indians are capable of being Executive Councillors, why should Indians be excluded from such responsible positions? I therefore record my strong protest if that information that no new Indian is going to be appointed is correct.

Lastly, Sir, I appeal to the authorities to run the Railways not in the interests of other countries, and of other people, but to try their utmost to run the Administration in the interests of India and the citizens of India.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU (United Provinces Northern ; Non-Muhammadan) : Mr. President, It must be a great relief to the country to know that there is a break in the monotonous succession of bad years which we have been having since 1929-30. It is a welcome fact that a deficit of nearly $3\frac{1}{2}$ crores has, owing to the trade improvement that has taken place during the current year, been converted into a surplus—a small surplus—of 15 lakhs. There is no assurance, however, that the improvement that has been visible during the course of the present year will last. Government have, therefore, been cautious in framing their estimates of revenue and expenditure and I for one am not disposed to blame them for this. We must wait for a real improvement in trade and industry to take place before our Railways can again occupy the position which they did before 1929-30. But while I fully acknowledge the loss that the Railways have had to bear owing to the unprecedented trade depression that has taken place not only in India but the whole world over during the last few years, I cannot admit that that is the sole cause of the difficulties in which we find ourselves. Soon after the War, Government embarked on a policy of expansion—of rapid expansion in connection with railway construction and the introduction of improvements and this is to no small extent responsible for our present difficulties. The Railway Board has been publishing now for some years a Review of Railway Finances, the impartiality and lucidity of which will call forth encomiums on its writer from every one who has taken the trouble to go through it. I hope that this publication, which enables the layman to understand the salient facts connected with the working of our Railways which are usually buried under a mass of technicalities will be continued. I find from this, as indeed is apparent from a perusal of the Reports of the Railway Board and the Railway Budgets, that since 1919-20, the capital at charge has mounted up by more than 200 crores. Between the 10 years from 1919-20 and 1929-30, I believe that it has increased by about 216 crores without taking into account the utilisation of surplus stores, and during the latter period of this decade, the expansion was phenomenally rapid, the annual capital expenditure having been about 27 crores. I shall take for comparison the years 1925-26 and 1929-30. I do not take the year 1924-25, because the situation in that year was complicated by a number of factors and also because it would be fairer to the Railway Board to institute a comparison between the year 1929-30 on one side and the year 1925-26 and not 1924-25 on the other. I find, Sir, that during this period of 4 years, the interest charges mounted up from about 24.8 crores to nearly $30\frac{1}{2}$ crores. There is an increase of about $5\frac{2}{3}$ crores, or, roughly speaking, of about $1\frac{1}{2}$ crores per year. Then take the depreciation charges which of course increase with the increase of the capital at charge. They mounted up during this period from about $10\frac{2}{3}$ crores to about 12.6 crores, or very nearly by 2 crores. Taking the two together, we find that the increased charges due to interest and depreciation during this period amounted to about $7\frac{2}{3}$ crores. If we add to this the inevitable increase in operating expenses, which was about 2.6 crores, we find that the total additional expenditure was well over 10 crores. And what was the growth of revenue during this period ? The increase in the revenue was about $3\frac{1}{2}$ crores only. I do not forget the fact that the Railways lost about 5 crores owing to the lowering of passenger fares and freights during the 4 or 5 years ending with 1929-30. I do not also forget that in 1929-30 they had to bear some expenses from which they were exempt in 1925-26. Taking all these factors into consideration, I think one may say that the increase in revenue had the railways been able to conserve all these resources would have amounted to about 10 crores. In other words, the increase in revenue and expenditure would have balanced one another ; but soon afterwards came the depression of which I have spoken. The railways,

[Pandit Hirday Nath Kunzru.]

not having had the time to develop their revenues sufficiently to give an adequate return on their capital, were faced with the heavy burden that the growth of interest and depreciation charges and operating expenses involved. Now, I know that a recital of these facts will not in any way relieve the present gloomy situation, but I have troubled the House with these facts because the troubles in which we are involved at the present time are generally attributed solely to economic depression. There is also another reason why I have emphasised this aspect of the case. Both the Railway Member and the Chief Commissioner for Railways have I believe more than once brought to our notice that the improvement in the conditions of service of railway labour have added materially, probably about half a crore, to our expenditure. But when they mention this small increase to railway expenditure they ought in justice to present the other side of the picture and admit their own responsibility for the troublous times that we are now passing through.

There is one more fact, Sir, which I should like to draw the attention of the House to in this connection. Government have since the commencement of the depression taken various steps to increase revenue and reduce expenditure. I need not detail the measures which they have taken during the last five or six years to reduce the deficits in the railway budget and to make our railways once more a paying concern. But I should like to inform the House of the net result of the retrenchment that has taken place in the staff in the various categories of which it is composed. Let us first take the superior services. In the year 1929-30, which was the last year in which the railways made a contribution to the general revenues, roughly speaking the number of superior posts amounted to 1,975. I speak subject to correction, because even in the railway report one finds different figures in regard to the same subject in different places. I suppose however that I would be correct in saying that the number of permanent superior posts in 1929-30—that is, after leaving out the posts connected with new construction work—amounted to 1,975. The corresponding number in 1935-36 was about 1,850. There was thus a reduction of about 125 posts. This amounts to a reduction of a little over 6 per cent. Now, take the next lower rung of the ladder, that is, the officers drawing Rs. 250 per mensem or over, or on scales of salary rising to Rs. 250 per mensem or over. Here again, if we take the figures for 1930 and 1936, we find that there has been a reduction of about 12 per cent. Unfortunately, I could not get separately the figures for officers employed permanently on open lines and those employed in connection with construction work. Now, when we come to the subordinates, that is, the lowest class of railway servants, we find that, while their number on the open lines in 1929-30 was 760,000, in 1935-36 it was about 650,000. That is, there was a total reduction of about 110,000, or a little over 14 per cent. Now, this seems to suggest that, while the Railway Board have unceasingly tried during the last five or six years to reduce their expenditure, the reduction has not taken place proportionately in all grades and that the axe has fallen more heavily on those who had not than on those who had. Sir, I hope in view of these facts that we shall no more hear of the burden imposed on the railway revenues by the improvements in the conditions of railway labour. If really the higher railway officials are tempted to put the increase on this account forward in order to lessen their responsibility for the present state of things, let them also bear in mind the factors that I have just pointed out, and also the concessions known as the Lee Concessions which were made to the superior services some time ago and which were not touched even when emergency cuts were applied to the salaries of all Government servants high or low.

Before passing on, Sir, from the purely financial aspect of the question, I should like to deal with the share of Burma in our total depreciation fund. I understand from the speech of the Honourable Chief Commissioner for Railways that in consequence of the separation of Burma from India, India would have to pay about a crore and two-thirds to Burma. Now, I should like to know, Sir, what is the amount to the credit of the Burma Railways in our depreciation fund. We all know that the depreciation fund has been considerably reduced during the last 5 or 6 years. We have been told that the surplus in the current year which is expected to be about 15 lakhs would have been 42 lakhs but for the loss on the Burma Railways. I think I may fairly infer from this that the loss on the working of the Burma Railways during the past few years has been greater than that on the working of the Indian Railways and if the Indian portion of the fund has been as seriously depleted as described both by the Railway Member and the Chief Commissioner of Railways, may we not come *prima facie* to the conclusion that the share of Burma in the railway depreciation fund is exhausted? I am not unaware of the terms of the Amery award, but I do not know that there is anything in the award which compels India to make a large contribution out of its own revenues to Burma on its separation from this country. Let us suppose, Sir, that Burma had been separated from India in the year 1929-30. Let us also suppose that it had followed the same accounting rules, as are followed in the case of Indian railways. Would it have had any money to its credit in its railway depreciation fund? I should like an answer to this question, for on the facts before me I am disposed to think that we owe nothing to Burma and that we are being saddled with an unnecessary responsibility for the payment of 1 2/3 crores.

THE HONOURABLE THE PRESIDENT: Not even on equitable grounds?

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: I entirely agree with you, Sir, that it is entirely inequitable.

THE HONOURABLE THE PRESIDENT: No, I ask you, are they not entitled on equitable grounds?

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: What are those equitable grounds?

THE HONOURABLE THE PRESIDENT: I am very sorry I do not see the Burma Member here.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: We are ourselves in the midst of difficulties. Our finances are not in a very prosperous condition, and it is at a time when we do not know how to bring about a more satisfactory state of things that another burden is imposed on us and we are asked to be generous to another country.

THE HONOURABLE THE PRESIDENT: You are not asked to be generous; you are asked to be just.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: I do not know, Sir, where the question of justice comes in here. Burma cannot expect to be in a better position now than it would have occupied had it been separate from the rest of India since the year 1929-30.

THE HONOURABLE MR. J. C. NIXON : Or from the year 1886.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Well, that is a big question and that was once dealt with in the old Imperial Council by the Honourable Mr. Gokhale in 1910 or so. Anyone who wishes to understand the old figures will do well to go back to the debates of those years and study the speech of Mr. Gokhale. We need not, however, go as far back as that. We are entitled to consider the situation only from the time from which the railway depreciation fund was instituted and Burma cannot come and say to us, "Well, it is true that we would have had nothing in our depreciation fund had our finances been separated from those of India in 1929-30, yet we mean to use our position at the present time to extract some money from you." But, Sir, I am not concerned now with the position of Burma. I want to know what is the position of the Government of India in this matter. Is it their view that they should make this contribution of 1 2/3 crores to Burma or have they been compelled by the decision of the Secretary of State to adopt such a course ?

Sir, the present situation of our railway finances naturally compels us to consider methods of adding to our revenue and diminishing our expenditure. The Honourable the Railway Member and the Chief Commissioner for Railways have pointed out the seriousness of the loss that is occasioned to railway revenues by the competition between railways and motor buses. The seriousness of the competition cannot be denied and I am disposed to think that even when all reasonable steps have been taken to regulate the lorry traffic the position of the railways will not be considerably eased. We are certainly entitled to impose regulations which will secure the safety and convenience of the passengers. We can also legitimately ask the lorries to bear a part of the expenditure incurred on the construction and maintenance of good roads. But I doubt whether we can go much further and if the Government are disposed to go further, let them bear in mind the political repercussions of the step that they may be inclined to take. For all practical purposes it seems to me that they will have to adopt methods of attracting traffic, particularly third class traffic, to the railways now going elsewhere which are employed by commercial rivals. Now, I do not think that the railways are not alive to their responsibility in respect of third class passengers. I have more than once borne testimony to the change that has been gradually coming over the railways in connection with the treatment of third class passengers, yet it must be sorrowfully admitted that the Honourable the Railway Member was perfectly correct when addressing the Railway Conference a year or two ago, he said that the villager still regarded the railway journey as in the nature of a tribulation. If we mean to meet the losses that we are suffering from now owing to the competition with motor buses we must pay increasing regard to the comforts of these third class passengers. During the last Gurmukteswar fair in the Meerut District I saw with my own eyes trains carrying third class passengers without lights, and I am told that in some instances railway wagons were used, which again were without lights. Now I do not know whether the information that I have received in this respect is correct or not, but I can vouch myself for the fact that railway trains were run without lights. It may be that the trains that I saw were deprived of their lights by some temporary disturbance that took place. The electrical machinery might have gone out of order, but it is certainly a point that ought to be looked into. Even in the earlier Mela that took place at Allahabad about one or two years ago I noticed the same state of things. I hope that this is not a common occurrence, yet to the extent that it occurs it is a matter that ought to be looked into.

While I am on this point, I would bring to the attention of the Railway Member the need for the improvement of the railway station at Hardwar from the point of view of third class passengers. Questions have been put on this subject both in this House and in another place but I am sorry to say that the answers given in both the places were thoroughly unsatisfactory. I speak, Sir, with some feeling on this subject. I am familiar with Hardwar, perhaps more familiar with the Melas there than any Member of this House. I know the difficulties to which third class passengers are exposed there notwithstanding the steps taken by the railway department since 1927 to provide amenities for them. I draw the special attention of the Honourable the Railway Member to this fact because when the Kumbh Mela takes place next year there, the railways will be faced with competition from motor lorries on a very large scale. The Roorkee-Hardwar road will soon be opened to traffic and I understand that the Hardwar authorities already expect that the passengers who would arrive there by buses might seriously reduce the number of those travelling by rail. I will not go into the details of this question. If the Honourable Member is so minded as to consider it sympathetically, I promise to place such information as I have at his disposal. For years an effort was made to draw the attention of the railway authorities to this matter but in vain. Recently, however, they have changed their attitude and are prepared to introduce certain improvements. I know what those improvements are, being a member of the Hardwar Improvement Advisory Committee, but in my opinion they do not go far enough. They do not go even as far as the improvements that had been agreed upon between the Divisional Superintendent and myself some time ago.

And now, Sir, I should like to say a word with regard to the purchase of the B. & N. W. Railway, the R. K. Railway and the M. & S. M. Railway, to which the attention of the House has been drawn by several Honourable Members. I have no desire to repeat the arguments that have so far been advanced but I hope the House and you, Sir, will permit me to deal briefly with some of the more salient arguments which were used by the Honourable the Railway Member in another place in dealing with the question of the acquisition of these railways. He seemed to lay stress on the financial side of the question and also on its political and constitutional side. Now, I do not know really what the trouble is so far as finances are concerned. Government have never found it impossible to borrow money at any time when they made up their mind to do so. In the 4 or 5 years immediately succeeding the war they borrowed nearly a hundred crores to meet the deficits of those years. And if at that time of falling revenues and dear money they could borrow so much, what is there to prevent them from borrowing 20 or 22 crores to acquire these three railways which are certainly not a losing concern. Money is much cheaper than it was then. If the trade situation in the country improves, as we all hope that it will, money will cease to be as plentiful and as cheap as it is now. One would have thought therefore that on financial grounds alone Government would have considered it wiser to acquire all these three railways immediately than to postpone their acquisition to a later date.

There is also another circumstance connected with this which the House ought not to fail to take notice of. We know the hold that British capital has over these railways and this country. The debates of the Round Table Conference show what is the position claimed by those who have invested their money in this country. Is it not desirable in this state of things for a Government which calls itself Indian to reduce the amount of foreign capital invested here when a suitable opportunity for doing so offers itself? I should not

[Pandit Hirday Nath Kunzru.]

be at all opposed, Sir, to the investment of foreign capital in this country in ordinary circumstances but when those who have invested their capital here seek to acquire a privileged position in this country, seek to have a voice in the moulding of its constitution and the determination of its constitutional status, then, whatever the commercial advantages of the utilisation of foreign capital might be, the best interests of the country, our self-respect and our freedom alike demand that we should seek every possible opportunity of replacing foreign by indigenous capital in this country.

THE HONOURABLE THE PRESIDENT: May I draw your attention to the fact that you have already occupied nearly 45 minutes.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: I will, Sir, come to an end in five minutes. Another circumstance to which I would like to draw attention in this connection is that concerned with the purchase of stores. For a number of years we have been insisting that our railways should purchase their stores through the Indian Stores Department. Happily the State-managed lines have recently been more responsive to the criticism urged here in this case than was formerly the case. But the company lines I find are still as unresponsive as they used to be. The amount that they purchase through the Indian Stores Department has certainly increased but it is still a bagatelle as compared with the value of the purchases made by the State-managed railways. It is not necessary for me to go into this matter in detail. I will only say briefly that, while the State-owned railways are purchasing material worth more than two and a half crores through the Indian Stores Department, the Company managed and owned railways are purchasing goods worth only about 60 or 70 lakhs through this Department.

As regards the political and constitutional difficulties spoken of by the Honourable the Commerce Member, it is difficult to take them seriously. The political difficulty only is that Government do not want to nationalise all our railways. Notwithstanding, Sir, the time that I have already taken I ask for your indulgence for a minute more in order to deal briefly with another aspect of the question which has engaged the attention of other Honourable Members. I refer now to the appointment of the Wedgwood Committee, and I should like here to deal with the question of personnel, which is the point which has been criticised by other Honourable Members. But in dealing with it I shall again refrain from using any of the arguments which have been already urged. In criticising the personnel on the ground that there are no Indian members included in it, I do not for a moment mean to cast any aspersion on the technical competence of the members whose services have been engaged by Government. I will grant that they are well-equipped, and singularly well-equipped, for the performance of the responsibilities entrusted to them by Government. But is there any reason to suppose that competent men were not available in this country to co-operate with the foreign experts in the task which they have been called upon to shoulder? For a parallel I can go back to the Inchcape Committee. The Inchcape Committee too was appointed at a time when our finances were in a specially deplorable condition. It would have been easy for Government then to say, "We want a body of financial experts". But they did not take that line. They knew that in order to meet the situation adequately, they would need the confidence of the Members of the Legislature and the country at large. They consequently appointed a Committee which in addition to Britishers included competent Indians. Was it not possible for Government to follow

the same model in this case also? Could it not, from among the Engineers in this country or the business men, select two representatives who, because of their familiarity with the traffic or the technical side of the working of the Railways, would have been in a position to give valuable help to their colleagues and to assist Government in arriving at a solution of the very difficult question which faces all of us? We are all of us asked to look at questions relating to our commercial services from a strictly economical point of view. I find, however, that Government, in appointing a Committee to consider our largest commercial concern, has been guided more by political than by economic considerations.

Sir, I do not wish to trespass any more on your indulgence, but I should like to impress on our Railway authorities the need for conducting the administration of our Railways in such a way as not merely to be technically efficient but to carry the Members of the Central Legislature and the people of this country with them. They have failed signally in many respects to bear this in mind. The appointment of the Wedgwood Committee is an instance in point and the composition of the Railway Board is another. It has just been brought to the notice of the House by several Honourable Members that the only Indian in the Railway Board will soon terminate his connection with it and the Board in future will be without a single Indian representative.

THE HONOURABLE THE PRESIDENT: That point has been sufficiently stressed.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: I do not therefore dwell on it. I only wish to say that at a time when there is greater need for liaison between Indian opinion and the Government, when there is need for winning the confidence of the country, Government will have a Railway Board which will be without a single Indian. Can anything prove better the inability of the Government to visualise the conditions as they are and to respond adequately to them? It is no pleasure to me to criticise the Honourable the Railway Member. I speak more in sorrow than in anger. But the hard fact remains that at a time when every effort ought to be made to bring about improved political conditions in the country and to make the people at large feel that the Government though still appreciably foreign in its personnel is increasingly Indian in its outlook, Government are taking steps and adopting policies which instead of bridging the gulf that separates them and the people will unfortunately widen it.

The Council then adjourned for Lunch till a Quarter Past Three of the Clock.

The Council re-assembled after Lunch at a Quarter Past Three of the Clock, the Honourable the President in the Chair.

THE HONOURABLE THE PRESIDENT: The debate will now be resumed.

THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa: Muhammadan): Mr. President, I wish to join in the chorus of congratulations that have been showered on our Honourable colleagues the Chief Commissioner of Railways and the Commerce Member. It is really not so much due to any onerous effort on their part that they have come to prosperity. It is due to the trade revival which has placed a convenient shroud over their inefficiency.

THE HONOURABLE SIR MUHAMMAD ZAFRULLAH KHAN: And it is the shroud that you are congratulating us on ?

THE HONOURABLE MR. HOSSAIN IMAM: No, Sir, on your good luck. We of the East are notorious for our belief in *Kismet*. Our Railway Board has imbibed that belief and it has become fatalist. It therefore does not want to exert itself and relies more on prayer and on good times coming. Sir, we are informed that the railways are a commercial department, that it should be run on commercial lines, that it is not its duty to see how our internal trade and commerce are served by it. When we ask that a policy of stimulating exports should be adopted by the Railway Department, we are told that it is not part of the work of the Railway Department because it is a commercial department. That would be all right if this policy were followed to its logical conclusion. But the trouble is that it is a Government Department when it comes to expenditure and it is a commercial department when it concerns the income. We are not able to reduce our freights and fares in the interests of the country because it is a commercial department, but when it comes to expenditure it is a Government department and nothing can be done to make it pay or improve its financial stability. The reason for this is not far to seek. The official mind is altogether different from the commercial mind. The things necessary to make a successful business man are repressed as an officer progresses through his cadre. The dash, initiative and enterprise which you find in really successful business men are conspicuous by their absence in our higher officials. This is not a disparagement of officials. I do not say that they lack these capacities. But the fact that they have had to undergo the extreme pressure of red-tapism, that they had to pass through the mill, that they are enmeshed in the web of rules and regulations, makes them emerge ultimately unto a lifeless effigy of their former selves. They become robots which can be moved only by two electric impulses, red-tape and rules and regulations.

Sir, in regard to the separation of Burma we find that the Railway Board have not taken due care to safeguard our interests as they should have done. I would draw the attention of the House to the Howard-Nixon report which was submitted to the Government on the 8th April 1931. That report unfortunately did not receive the amount of attention and recognition, either from the Government or from the public, which it really deserved. Its joint author our Honourable colleague Mr. Nixon has given us a very exhaustive report and at places he had really tried to safeguard our interests as much as it was humanly possible to do. But the trouble was that he did not have the backing of the Government and the Department which he ought to have received. I will give you a particular instance. You will find in Annexure D of the report that he brought round Sir Henry Howard to his belief that the amount of capital written off by the operation of the sinking fund, amounting to 40 crores, should be deducted from the capital at charge. But the Burma Government repudiated its representative, and our Government and the Railway Board weakly gave in. In those circumstances the matter went before the Amery Tribunal and the award of the Amery Tribunal was against us. This is a reference to an issue which is one of general interest, because if that 40 crores had not been added to the capital at charge the result would have been that our unremunerative debts would have mounted up and we would have received 7½ per cent. portion of it from the separated Burma Government. That means that we are losing something like 3 crores of rupees on that account. The next point is that we are asked to repay to the Burma Railways a crore and two-thirds from a non-existing depreciation fund.

The separation convention was started from 1924-25. During the first six years of its continuation the Burma Railways were giving a net revenue in excess of the interest charges to which they were subject, so that in those years the credits to and debits from the depreciation fund were genuine transactions. But from the 1st April 1930 to the present day the Burma Railways have not earned sufficient to pay the interest charges. So all the credits that were made to the depreciation fund or all the debits from the depreciation funds were made out of imaginary, non-existent funds. The figures which I have been able to collect show that within these 6 years from 1st April 1930 to 31st March 1936—the period for which accounts are available—we find that the net revenue was 6,35 lakhs and the interest charges to which the Burma railways were subject was 10,65 lakhs. I am giving figures for the 7 years which will end on 31st March 1937 according to the revised budget estimate. This means that the Burma Railways have been run at a loss amounting to 4,30 lakhs during the last 7 years. Instead of getting a rebate or a payment from Burma for our losses which we had suffered during the last 7 years we are asked to pay back 1 2/3 crores, because a certain system of accounting was adopted by the Railway Board which did not take into account the realities as they existed. Sir, if we look at it from another angle, what were the gross receipts and the actual working expenditure excluding every credit to the depreciation fund, even then the figures are that we have an adverse balance of 65 lakhs even if we had spent not a single penny on depreciation account. The excess of revenue over the working expenditure was not sufficient to pay even interest and yet we have shown that we have credited the depreciation fund with certain sums and we have withdrawn from the depreciation fund other amounts. The way in which they have accounted is that credits were being made to the depreciation fund at the traditional rate in the beginning or at the empirical formula of 1/60th of the capital which Sir Joseph Bhore introduced at the end of his tenure, irrespective of the fact whether there were any funds available or not. Now, the question is whether either you yourself, Sir, who have long experience of commerce or our European friends who have spent their lives in commerce would tell us if they have ever heard of a liquidation proceeding or even of a dissolution in which the shareholders got back all the balances as well as cash without paying to the bankers who had advanced to them the money during the time when they needed it. This is a strange kind of accounting which has brought us to face this condition of affairs, because when we had centralised the administration of the railways we centralised nothing but that the profits and losses should be centralised; for every other purpose the railways are a different unit. But when it comes to the question of profit and loss they are all one. I will illustrate this point by saying that in 12 years ending 31st March 1936 the East Indian Railway had given us a net profit of 17.00 crores, whereas the Bengal Nagpur Railway, a sister line having its headquarters at the same place, during the same period had a loss of 15.10 crores. Now, these two lines are running side by side, and what is more, they have competitive rates from Bombay to Howrah. The Bengal Nagpur Railway charges less because it is losing and the East Indian Railway charges more because it is making more money. The Railway Board should decide once for all to adopt either of the two systems, either they should amalgamate for all accounting purposes all the four railways, and abolish Central Clearing Accounts Office and other subsidiary places where accounting between the different sections of the railways are made; or they should keep all the separation and follow it up to its logical conclusion. If there is a profit to one line either its rates should be reduced to give relief to the people living in that area or you should reduce the capital; and the company or the management, or the railway which is losing money should be penalised for its loss and you may

[Mr. Hossain Imam.]

take whatever suitable steps you like. You may either write up the capital by the amount of the loss incurred or you may raise freights and fares in that way, but you cannot have it both ways. In one part you treat the railways as separate units and in other parts as amalgamated and as part of one system. Now, Sir, I should like to ask the Government whether they propose to rectify the railway finances, the loss to the railway finances which it is likely to face on account of the separation of the Burma Railways. The Burma Railways have incurred a loss of 4,30 lakhs. Who is going to pay back that amount to the Railways? Someone must pay it, either the Government of India or the Government of Burma. Whoever pays, payment there should be, if a straight method of accounting is to be adopted.

While I am on this issue I would like to say a few words about what you were pleased to observe at the time when the Chief Commissioner of Railways gave us the Budget statement. In that connection he referred to the writing off, or I may say, wiping out, the misdeeds of the Railway Board, the loans that have been taken from the depreciation fund, and the non-payment to the central revenues of the quota. You very rightly, I may say very justly, pointed out that that Resolution should come to our House too. We have found that you always stand for the dignity of the House and you always make efforts to maintain it. (Applause.) The Honourable the Chief Commissioner had not given us any assurance on that point as to what will be the line of action of the Government. I hope, Sir, that the Honourable the Commerce Member will throw more light, although personally I would have preferred that the Chief Commissioner should have followed what he had said on the 13th March 1936 when I brought a Resolution on the subject. Then I was told that it was no good trying to change the convention. The Federal Authority is coming and it will set the whole thing right. If there is any prospect of payment to the central revenues, you can as well do it by executive action. You can say that the payment of arrears to the depreciation fund will not have precedence over other liabilities. That rule you can pass by means of a movement of the pen and there is no necessity of getting sanction from the House, because it is not a statutory obligation on the Railway Board to pay the depreciation fund loan first, and to repay to the State afterwards. The utmost which can be said is that an assurance to this fact was given by the Member in charge or that the Finance Department had made this rule. Whatever it may be, it can be changed without the intervention of the Legislature. Or if you want to be too just, you can do this. You can pay back to both the depreciation fund as well as the central revenues in equal proportions. Any excess that you get you can pay like this. What is the Honourable Member going to do with the 15 lakhs which he expects to get at the end of the current year? He is going to repay it to the depreciation fund as part payment of his loan. Well, it does not matter. You pay this year and when the next year comes you can do what you like. Either the Federal Authority will be functioning or if need be you can by a stroke of the pen say that payment will be made to both.

Now, turning to a point nearer home, I welcome, Sir, with very great pleasure the change in the system of depreciation fund accounts. I take a special pleasure, Sir, because I have been advocating the course which the Government have adopted now. Even on the 13th March last when I moved my Resolution on this subject, I had drawn the attention of Government to the fact that the deduction from the depreciation fund of the original cost of assets is a wrong method. I had advocated, Sir, the replacement cost. The Government have gone a great deal towards that and I was rather pained,

Sir, that my Honourable friend Mr. Parker should have taken objection to that. I am not going to take on myself the duty which the Honourable the Commerce Member will perform better of replying to him but I personally doubt how there can be over-capitalisation. Over-capitalisation there might have been if we had the two desired things which he pre-supposes. The first is the existence of a depreciation fund from the beginning and secondly the contribution to a depreciation fund on scientific lines. Here we have neither. The depreciation fund did not exist in the beginning. We used to replace our assets from the revenue accounts. And secondly, Sir, when it was created, it was not created on a scientific basis so that the question should arise whether the fund did possess that amount of credit which you are taking out from it for the replacement cost. Our real method is that we have adopted a formula of 1/10th of the capital at charge without considering what are the lives of our assets. So the net result of our unscientific method is that instead of over-capitalising it, as the Honourable Mr. Parker thinks, we are really leaving the capital as it was. No doubt if we had written up the capital, we would have made a higher contribution to the depreciation fund and thereby we would have had greater assets in our hands. But the first item is the addition to capital by the difference between the replacement cost and the actual cost and therefore, Sir, he would be incurring exactly the same trouble which he wants to guard against. What we do, Sir, according to him, is that we prevent the prospective rise of capital, while what he wants is the rise of capital at once. That is the only difference between his method of accounting and the method adopted by the Government.

Now, Sir, coming to matters more mundane, I should like to say a few words about the leakages from revenue. Last year we heard a lot about the corruption in the goods yard. But I am afraid that the long tenure of office of the Honourable the Commerce Member has damped his ardour a bit and we have not heard so much about these glaring instances of corruption as we did last year. It is quite possible, Sir, that the Honourable the Commerce Member and his Department are taking effective measures to check it but what I should like to say is that it is not for the non-officials who can come to your rescue and give you instances of corruption, it is the duty of the Department itself to engage, if need be, C. I. D. officers to find out where the corruption is. If the Government can find out conspiracies and other illegal activities, is it not possible for the railways to utilise the same method and check this thing? But the real trouble is not that. The real trouble is that it is only the underlings who are caught. The graft is even higher up and this is an aspect of things which requires serious consideration. It is an open secret, Sir, that posting to certain stations are auctioned and the highest bidder gets it. (*An Honourable Member*: "Open or secret? Is it a public auction?") Oh, well, it is not a public auction; it is a private auction, with admission only by ticket.

THE HONOURABLE THE PRESIDENT: Who is the auctioneer?

THE HONOURABLE MR. HOSSAIN IMAM: Well, a go-between; not the real officer or the man who is in the running. It is some one who is in between, who acts for the officer who gets the price settled. It is an open secret, Sir, that all the appointments to the railways in the divisions are made by bribing the head clerks.

THE HONOURABLE THE PRESIDENT: I do not think you ought to make such sweeping statements.

THE HONOURABLE MR. HOSSAIN IMAM : Well, Sir, if the Government look into the matter, they will find that every one of those statements will be substantiated by the C. I. D.

THE HONOURABLE THE PRESIDENT : Are the C. I. D. above suspicion ?

THE HONOURABLE MR. HOSSAIN IMAM : It will be a great relief to the Congress and other Nationals to hear, Sir, that the C. I. D. are open to corruption. But our policy is different in different places, and when it concerns the Railway Department the C. I. D. have all the abhorrence which we can give them, though they have all the prestige when it concerns the Home Department.

Now, Sir, I wish to ask the Railways whether it is a fact or not that all their rules about freight and fares are mixed up and changed when they are faced with realities. When there is a motor competition they are prepared to reduce fares on those lines on which competition from motor buses is serious. You will remember, Sir, not very long ago, about a year or two back, we heard a lot of complaint from European Chambers of Commerce that railways were undercutting steamships in the carriage of coal and sugar from Calcutta to Madras and other ports. The railways reduced their fares. They quoted special fares for sugar because there was a keen competition from the shipping lines. And the argument which the railways put forward was that this was a new traffic and it was not steamships who had the monopoly because in former times this traffic did not exist, it has been created by the Sugar Protection Act. There were some cries even of discrimination against European interests under this Act. However, the fact is that the Railways, when they are faced by competition, come to their senses and are prepared to do things which they refuse to do without competition. I therefore ask whether it is not in the interests of the country that the road competition should not be stopped, because that is the only corrective which we have on the railways. I agree with the rules which my Honourable colleague Pandit Hirday Nath Kunzru enunciated that only such-and-such charges can fairly be placed on the motor competition. I do aver that with the abolition or curtailment of motor competition we would be giving a rope to our railways to mismanage and mishandle and over-charge wherever they possibly can.

I would like to draw attention to two more points. I have been a constant advocate of cutting our coat according to our cloth. I have always advocated that until and unless we feel the necessity, we should not over-capitalise. The policy which the Government are embarking in purchasing 2,000 wagons this year after having estimated to buy only 750 last year shows which way the wind is blowing. The Railway Department think that they are now on the high tide of prosperity and therefore they must expand and spend more, as is always the case with Government Departments. There are two or three methods of judging the wagon supply available. The first is wagon miles. If we take the wagon mileage, we find that we are still $7\frac{1}{2}$ per cent. less today than we were in the days of prosperity, that is, in 1929-30. Our wagon mileage then was 37.9; today it is 35.1. Then there is the composite test of net ton-mileage. Here too we are very short of the peak period. In 1929-30 the net ton mileage was 334, whereas today it is only 309. Here too we are about 8 per cent. less than that period. And yet the Government must embark on a policy of expansion of wagon supply. The third test is the daily loadings. There we are now 69.1 per cent. whereas in 1929-30 we had 73 per cent. Judged by these three tests from the numerous tests that are given in the Railway Board's Administration Report, I find that the wagon

position is not such as to necessitate this purchase of extra wagons. What is more. There are only two Railways which have been consistently paying their way and giving something to the Government as surplus profit with which to wipe out the different misdeeds and mismanagement of the other Railways. These are the B. B. and C. I. Railway and the E. I. Railway. These are the two Railways which have contributed more than any other five railways. The E. I. R. is content with the reconditioning of a thousand wagons. But it is those who are making less money that are wanting more wagons. If you look at the ton-mileage, you will find that it is only those Railways who contribute the least amount that are foremost in demanding a fresh supply of wagons.

I should like to say a few words here about the point to which Pandit Hirday Nath Kunzru referred, *i.e.*, about the Hardwar-Dehra Railway. I am not competent to say anything about it, but I should like to get an assurance from the Government that the Hardwar-Dehra Railway will be purchased when the first opportunity offers itself. The opportunity will come on the 31st December, 1938, and I hope that the option will then be exercised. This is one of the Railways which even in the lean times has been making a profit of more than 5½ per cent. There are many methods of economy which the Government could have adopted but this is not the occasion to ventilate them. When the Railway Member was here last year he was kind enough to remark about the discussion in this House as follows :

“ I have been struck by the fact that although this is a much smaller House than the other House, the range of criticism and suggestions that I have to deal with at the end of the debate is very much wider than I had to deal with yesterday, I mean in the other House.”

But here, Sir, we have the stranger phenomenon of—

“ *Mun ché mi saraium of tamborad man ché me saraid* ”.

Sir, the Honourable Member said like this, but the Administration Report has not a word to say about our discussion, as if the discussion never took place in this House. I must protest against this studied insult which is always heaped on the heads of this devoted House, because it is always devoted to the Government.

Other colleagues of mine have drawn attention to the troubles of the third class passengers. Government should never lose sight of the fact that money spent on the amenities of third class passengers is money well spent, and they being our chief customers deserve justice. Government have started their regime of retrenchment in expenditure by abolishing the monthly meetings of the Advisory Committees and making it quarterly. They always go the wrong way, Sir. I drew the attention of the Government on the 13th March last year to the rumour about the creation of an additional Member of the Railway Board. The Honourable the Chief Commissioner then thought discretion to be the better part of valour and kept quiet. But now, from the Budget papers, we see that for the last four months, and probably for a year more as is evident from the Demands for Grants, an additional Member has been appointed to the Railway Board, not because there was any extra work, but a favourite had to be provided with a berth. That is the method of economy—increase of the top-heavy administration at the top, and reduce all the expenditure down below. The point was amply illustrated by Pandit Hirday Nath Kunzru when he gave figures of the number of employees on the Railways in different grades. I am not going to ask the Chief Commissioner of Railways

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or any other official to take any extraordinary step, but I do ask the Honourable the Commerce Member to try. I know that the Commerce Member, coming fresh from public life, has not those bureaucratic impediments which his other colleagues may have. So if he would care to take the trouble of going into the refreshment rooms in the Secretariat and comparing their tariff with what the caterers are charging from passengers on railway stations, he will be simply astounded. The charges of vendors at railway stations are not less than twice the charges made to Secretariat clerks. How is it that, when right beneath your nose the charges are moderate, the travelling public is asked to pay twice and three times what others are paying ?

THE HONOURABLE SIR MUHAMMAD ZAFRULLAH KHAN : But the caterer has to contribute something towards the revenue.

THE HONOURABLE MR. HOSSAIN IMAM : That is what I object to. The caterer should not be asked to contribute. You should not put a tax on this. It is indirect taxation of foodstuffs, and you know, Sir, that old principle of Liberalism in England that the breakfast table should always escape taxation.

Well, Sir, the railways if they like can help themselves as well as the country by opening up new markets. They can consider the possibility of giving rebates to upcountry productions which can be exported. In that way they would secure a new revenue as well as help the trade and industries of the country. Take, for instance, the mills outside the Presidency areas. At present there is no export trade, but if you gave a rebate to the manufactures of these mills on the production of a warehousing and shipping certificate, you would stimulate a new traffic. Similarly you can deal with agricultural goods from centres which are not exporting centres because the railway freight at the moment happens to be too high. I am only advocating a system which has already been tried by the Railway Board, for instance, in the reduction of the freight on wheat from Lyallpur to Karachi. In that case owing to the high internal price of wheat no export was possible at the freights charged. A special reduction was therefore made in the freight for carriage of the wheat to Karachi for export. Similarly other commodities might be assisted.

THE HONOURABLE THE PRESIDENT : You object to the purchase of more wagons.

THE HONOURABLE MR. HOSSAIN IMAM : Sir, I would go in for the purchase not of 2,000 but of 10,000 wagons if and when we reach the same state of wagon use as in 1929. I have been consistently advocating that before purchasing more wagons you should take the maximum use from your existing wagons and justify your demand.

Now, Sir, a matter to which the Honourable Commerce Member himself referred in the other House was the efforts and experiments being made to find how goods trains can be expedited, so that they may be able to make more intensive use of their wagon stock.

THE HONOURABLE THE PRESIDENT : You have been speaking for 45 minutes already.

THE HONOURABLE MR. HOSSAIN IMAM : I am concluding, Sir. The railways are now free from the anxiety in which they have been for the last

six years and it is only natural that they should breathe a sigh of relief at the prospect of better times. But we have sad experience that with the relaxation of control the railway administration are prone to embark on schemes which may promise well on paper but which have always a habit of failing them when put into practice. I would therefore request them to continue to be vigilant and the Railway Board should not think that, now that we are embarking on better times, they can relax their control and vigilance.

THE HONOURABLE MR. J. C. NIXON (Finance Secretary) : Sir, I would wish to contribute a few remarks in regard to one or two specific points that have arisen out of the debate, points on which I am interested partly in my personal capacity and other points in regard to which I am interested in my capacity as Secretary of the Finance Department. First of all I would like to deal with the particular point raised by my Honourable friend Mr. Hossain Imam, in which he was casting blame on the Government of India and particularly on the Railway Board for their having lost a particular point in connection with the financial arrangements with Burma. I can assure him that in regard to this matter of 40 crores, the instructions which I received when I went home to argue the matter before the Amery Tribunal were to fight, and for the fact that the point was lost before the Amery Tribunal he may blame my own personal inability but he certainly cannot blame the Government of India or the Railway Board.

Another point raised originally by the Honourable Mr. Kunzru and pressed home in his usual able fashion by the Honourable Mr. Hossain Imam was the matter of the depreciation fund on account of the Burma Railways. The question, as they put it to us, broadly is, why should we be handing over to the Burma Railways, which has been a losing concern for some years, 1½ crores of the depreciation fund, or, as the Honourable Mr. Kunzru put it alternatively, if we had been keeping a depreciation fund separately for the Burma Railways since the Convention came in in 1924 and had we credited to that fund the contribution made by the Burma Railways and debited to that fund the expenditure on renewals and replacements only on the Burma Railways and had then borrowed from the Burma Railways fund the amount which had been lost by Burma Railways alone, would the balance in that fund be as much as 1½ crores. The answer to that question is most definitely that it would not have been anything like it ; in fact, it would have been a negative sum. In fact, if we had kept separate depreciation funds on account of the individual railways of India, we should have found quite a number of the State lines with negative amounts in their funds and we should have found a majority of the Company lines with a very good surplus in their funds. We have however kept only one depreciation fund for the whole of the Indian Railways and it is from that one fund that we have borrowed the money to meet our losses and we cannot go along to Burma at the time of fixing up with them a regular settlement and say, " Had we done such and such in the past these would have been the consequences, and do you mind shouldering these consequences ? " We have to accept facts as they happen to be on the date of separation, and on the date of separation there will be a certain sum of money in the depreciation fund of the India *cum* Burma railway system, and I do not think it is an unfair request or demand of Burma that she should get a positive amount of that fund. There are other ways of looking at this matter. What is a depreciation fund for ? What we shall be doing to Burma is not handing over the Burma railways to them in return for certain cash and not handing over to them certain cash representing their portion of the depreciation fund. We shall be handing over the railway at a certain cost figure as written down

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by a certain amount of depreciation and the net amount of that railway will go into the bill. The Burma Railways cost us roughly Rs. 35 crores, spent, I think, over the last 50 years. We are proposing to hand over to Burma the railway at Rs. 35 crores less roughly $1\frac{1}{2}$ crores. We are assuming that the depreciation which has occurred in the Burma Railways is only $1\frac{1}{4}$ crores. Practically speaking we are selling it at cost price. I suggest that there are one or two lines in India we would like to get rid of on the same basis. Then again, Sir, the alternative is at least to divide the depreciation fund into two parts, one on account of Burma and one on account of India and charge the losses that have occurred in Burma to the Burma fund and the losses which have occurred in India to the Indian depreciation fund and to use these figures in fixing up the financial settlement with Burma. I must say that I have not been into the figures recently and the circumstances may have changed, but I did go into those figures about a year ago and I found that if we did that the net effect on the payment due by Burma to India would be that Burma would pay 40 lakhs less. In consequence I was not very much in favour of taking the alternative course. But apart from that, if I may say so, the matter has been decided and decided in almost a judicial way by the Amery Tribunal. The question which they set themselves was how much should be written off the Burma Railways when India hands over the Burma Railways to Burma, and these are their words :

“ We regard as irrelevant the fact that past losses have been set against the balance of the depreciation reserve. Our task is to assign a value to the railways, and for this purpose we consider that the proper deduction from the cost is the amount set aside for depreciation. The fact that losses have occurred in recent years obviously neither lessens the need for future replacements nor increases the value of the railways.”

If we are to discover how much we should write off the Burma Railways when we hand them over, we should consider ourselves rather fortunate that we have only got to reduce the prime cost by the amount of the depreciation since 1924 and not since the beginning. I might mention incidentally that the same question arises in regard to the Posts and Telegraphs Department. For many years the Posts and Telegraphs Department in Burma has been a drag on Indian revenues.

THE HONOURABLE MR. HOSSAIN IMAM : The same would have happened about the Indian Railways. From 1854 you would have to write off the depreciation.

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THE HONOURABLE MR. J. C. NIXON : I think my Honourable friend Mr. Kunzru must have read the debates in which the late Honourable Mr. Gokhale indulged in the year 1901, I think, in which the same question was discussed at very great length and I think then they fairly conclusively showed that it was not possible to go into back history in the sort of way that Mr. Hossain Imam is suggesting.

However, Sir, I will now turn to the veiled vote of censure on the part of my Honourable friend Mr. Parker on the Railway Department for working to a surplus. And I venture on his argument with a certain amount of caution as I do not happen to be a professional accountant. I am one of those ordinary people who when he is looking at a balance sheet always wonders how certain things get on to the assets side when they seem to be liabilities and how they get on to the liabilities side when they seem to be assets; and how they get on to the credit side when they appear to be debits and *vice versa*—the same sort of trouble, I judge, that Mr. Hossain Imam is suffering from. I rather came to the conclusion that my Honourable friend Mr. Parker

also, if I may say so, suffered from a similar cloudiness, for he was talking of depreciation of capital. There is such a thing as depreciation of capital or writing off of capital, but it is not the sort of thing for which the depreciation fund is created. Some of my Honourable friends have suggested that we should write off the capital of railways. You do not do it through a depreciation fund. I am treading, as I say, on ground of which I am not sure, but I think the capital of a company occurs on the liabilities side and not on the assets side, and I think when you are creating a depreciation fund it is something for dealing with something on the assets side and not on the liabilities side. What you have on the assets side and write down by means of a depreciation fund is something that I should call a block account.

THE HONOURABLE MR. R. H. PARKER : Capital account.

THE HONOURABLE MR. J. C. NIXON : Block account.

THE HONOURABLE MR. R. H. PARKER : We do not, in business.

THE HONOURABLE MR. J. C. NIXON : I stand corrected. I can however give Mr. Parker this assurance that although the block account or capital account that we keep in Government may have various frailties about it, the asset, whether it has been charged to capital or whether it has been charged to depreciation, will appear there at its cost figure. Incidentally, I may say I was glad to see the Honourable Mr. Parker's horror at the idea of declaring a dividend, a surplus, before the full amount of depreciation had been set aside. I had understood that this was not necessarily accepted by all commercial men in India.

Just one other word, before I sit down, Sir. In talking of the remarks of the Honourable Mr. Parker I referred to writing down of capital. It was a point also raised by my Honourable friend Mr. Ram Saran Das only in another form. He suggested that the loss on strategic railways ought to be charged to some other part of the budget, not to the Railway but to the Army Department. That after all is only another way of making the common suggestion that the capital of the railways should be written off. I think we ought to be clear in our own minds as to what we mean when we talk of writing off capital, or what my Honourable friend Mr. Ram Saran Das means when he talks of charging the loss on strategic railways to the Army budget. That loss is something like 2 crores a year and the suggestion must be that the Railway Department should not bear it, that is to say, it will be two crores a year better off, but the civil side of the budget will surely be 2 crores a year worse off. My Honourable friend Mr. Ram Saran Das and I some years ago did a certain amount of skimming of the expenditure side of the Government of India budget and he and I both know the difficulty of skimming off as much as 2 crores of expenditure. There is another way of balancing a budget which has got to bear a burden of 2 crores and that is by raising revenue. We could as a matter of fact get another 2 crores of revenue by another 7 or 8 annas on the salt tax or a 10 per cent. surcharge on income-tax. I do not suppose that my friend opposite would advocate either of these methods and I am not pretending that that would necessarily be the method by which the Government of India would raise the money if it came to the point. But I do suggest that when writing off your charges to some other head of expenditure it must be done in some such terms as these.

THE HONOURABLE SIR MUHAMMAD ZAFRULLAH KHAN (Commerce Member) : Sir, may I without being thought impertinent repeat the compliment to which reference was made only a few minutes ago by the Honourable

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Mr. Hossain Imam and say that I have been very glad to observe that the debate has been maintained throughout the course of the day at such a high level, though that does not make my task in replying to it any easier. I assure Honourable Members, however, that on a subject like Railways I welcome contributions from every direction and from every point of view. This is a matter that affects high and low in this country and the greater the contribution to the discussion of this matter the greater is likely to be the resultant improvement. I should like to assure Honourable Members that those who are responsible for the working of the system are not so hide-bound as some Honourable Members have assumed. Only I am afraid their difficulties are not appreciated to the same extent to which their shortcomings are noticed.

Before I go on to some of the specific matters that have been discussed may I illustrate this question of the complexity of the difficulties by referring to the different points of view from which the matter has been approached. I am not objecting in the least, as I have said I welcome criticisms from all points of view. But I do want to illustrate the fact that when one concentrates one's attention only on some particular aspect of the matter, one is apt to overlook or to underrate other equally relevant considerations. As an instance of the conflicting considerations which we on this side have to co-ordinate when we have to come to decisions I might draw attention to some of the suggestions that have been made, each in itself more or less justifiable but none of which could be given effect to to the extent to which Honourable Members putting forward those suggestions would desire to give effect to them. We have been told, to begin with,—Here is this vast system of transport, our biggest national asset, but it does nothing to encourage exports. The instance was given of Australian wheat costing as little as 6 annas a maund for transport all the way from Australia to Calcutta, and Punjab wheat costing Rs. 1/9 per maund from markets in the Punjab down to Calcutta. Incidentally it was forgotten that Australian wheat is not grown along the shores of Australia and that it must travel considerable distances over Australian railways and pay additional freight before it can be transported by sea to Calcutta. That was one suggestion. You don't encourage exports; you ought to reduce freight rates upon exportable commodities going to ports. But within a few minutes comes another piece of criticism. Freight to and from the ports is unduly low as compared with rates of freight applicable to internal traffic. That should not continue. These should be, if not higher, at least no lower than rates that apply to the internal movements of commodities. Now, as I have said, both these points of view may have something in support of them, but both cannot be given effect to.

Then the next piece of advice is : Encourage industries by setting up a factory for the manufacture of locomotives in this country. It was explained during the course of the debate on the Resolution relating to this matter in the other House that a careful examination of all the material available had revealed the fact that if a factory of that kind were set up, at least for a number of years till the demand for locomotives became much larger than it can be expected to be at present, railways would lose several lakhs of rupees every year. The answer is : "That does not matter. The loss is well worth while because it would result in many subsidiary benefits. It would establish a new industry in India, it would help Indian labour ; it would help many subsidiary industries." But then, take the next piece of criticism : "You are a commercial concern. You must show surpluses." How can we show surpluses if we are asked to undertake enterprises which are bound to result in a loss every year ?

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Sir, was that the reason why the written promise to Peninsular Locomotive Works Limited of India was not fulfilled although this firm agreed to supply locomotives almost at the competing prices ?

THE HONOURABLE SIR MUHAMMAD ZAFRULLAH KHAN: I do not know what the definition of "almost" is in the mind of the Member but I dealt with this matter fully when replying to the debate in the other House. Sir, may I respectfully submit that I listened very patiently to all that the Honourable Member had to say about the railways, and the moment I get up to reply he at once tries to side-track the discussion by raising unimportant issues.

THE HONOURABLE THE PRESIDENT: I will see that that does not happen again.

THE HONOURABLE SIR MUHAMMAD ZAFRULLAH KHAN: While I am ready to explain anything that might require explanation, I must point out that Honourable Members have already sat very much longer today than they are accustomed to, and if I were to attempt to deal with every point raised it would make the sitting very much longer. May I therefore be permitted to deal with these matters briefly.

Then we are told we must pay contributions to general revenues. And if we put forward a suggestion that the situation should be squarely faced and that we might start with regard to these arrangements on a basis which is forcibly suggested by the situation in which we find ourselves, we are told we are doing all this in order to cover up all your sins under a shroud. And in the end we are told—Reduce expenses, but make no retrenchment. I am not trying to play off one piece of criticism against another. I admit that unwarranted retrenchment is objectionable. I admit that where there is room for economy, failure to effect economy is condemnable. We should reduce expenses. We should see that no undue hardship is inflicted upon our staff. All that I am anxious to stress in regard to this is that in judging of these matters I hope Honourable Members will be prepared to accept the position that though they may be interested in certain aspects of the matter only, we have to keep in mind all relevant considerations. Coming to the main heads of criticism I shall first advert to the composition of the Wedgwood Committee. I much regret that Honourable Members should have imagined that there was exclusion of Indians from the Committee in the sense that there was a decision that we must not appoint an Indian to the Committee and that the composition of the Committee was influenced by political considerations. The task of this Committee imports no considerations of a political nature whatsoever. It does not import any considerations of a racial character either. The members of this Committee have had no kind of political associations or political views of any kind—not at any rate known to me or to anybody in the Government of India—which might lend support to the misapprehension—shall I call it—that their selection was due to some political consideration or the other. The plain fact of the matter is, as I have had occasion to state elsewhere, that the examination of these questions was urged upon the Government of India by Sir Otto Niemeier. Subsequently, the Public Accounts Committee made a recommendation that a railway expert should be appointed to overhaul the finances of Indian Railways. The Government of India took up this matter and they were at first of the view that one railway expert alone should be appointed, as had been suggested by the Public Accounts Committee. I do not mean to say that they had stated that one alone should

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be appointed, but the language employed was in the form of the singular, that is to say, it was probably in the contemplation of the Public Accounts Committee that the appointment of one expert would be sufficient. As a matter of fact, during the course of the debates in the other House, even a name was mentioned, and all the indications had been that those who had looked into this matter were of the opinion—whether that opinion was justified or not—that outside examination of these matters was necessary, though final decisions of course would be arrived at by the Government of India, but that advice should be obtained from outside and that that advice should be of a character which should be free from suspicion of any pre-conceived notions of what should or should not be done in connection with the overhaul of railway finances. I might say that that alone was the meaning of the expression that has been objected to—that tendentious views should be avoided. There was no question of any political or racial bias or Indian *versus* European views. Government, I venture to submit, were not wrong in interpreting the recommendation of the Public Accounts Committee as meaning that the advice to be sought was outside independent advice. As I have said, Government intended to select only one expert for this purpose. When they came, however, to the actual selection, they found it difficult to select one man who would be able to bring all the requisite knowledge and all the requisite experience to bear upon the complexity of the problem that had to be investigated, and they were forced in the end to come to the conclusion that more experts than one would be required, and that is the whole explanation of the Committee comprising three members and being composed of outside experts. Now, it has been said, “ Was there no expert available in India of the requisite knowledge and experience ? ” and my reply is that the question did not arise having regard to the manner in which this Committee was recommended to Government. It was not a question of an Indian not being available ; it was a question of all the Indian experience being already available, of Indian advice being already at the disposal of Government. The question was to obtain outside expert advice on this matter, then to pool that advice with all the experience and advice that was available here, and on the basis of the whole of that material to come to decisions. I assure Honourable Members that there was no question of excluding anybody from the Committee or including anybody in particular in the Committee. Objection has again been taken that one member of the Committee came from a Dominion where Indians are not accorded the rights to which they are entitled. There again, we were faced with a certain kind of problem that had to be diagnosed. We found that in that particular Dominion conditions to a very large extent were similar to conditions in India, having regard to the particular problem that had to be investigated, and it would certainly have smacked of political bias if we had said that though valuable advice might be available from that quarter we shall shut out that advice on account of the racial difficulties between that Dominion and India. That was the reason why we availed ourselves of that advice in spite of the fact that there is an unfortunate situation with regard to Indians in that Dominion. I was reminded, Sir, of the agitation which disturbed the whole of this country on the occasion of the appointment of the Simon Commission. I was asked if I had forgotten that agitation and why I did not appoint an Indian to this Committee. I venture to submit, Sir, that there is no analogy whatsoever between the two Committees. I will not here argue—it would be profitless at this date to argue—whether there should or should not have been Indians on the Simon Commission. But shall I say that there the whole question was a constitutional question in which

the parties, if I might say so, were India on the one side and Parliament on the other, and it was expected, though it turned out to be different in the sequel, that the Simon Commission would have to pronounce an award on the situation. Here there was no consideration of anybody being a party to anything in this enquiry. Here it was a question of the railways being regarded as in a perilous state financially, being sick financially, and of asking the advice of expert physicians to tell us what remedies we should apply to improve the situation. I beg to submit that Honourable Members have unnecessarily imported political and racial considerations into this question. None such arise.

The next question that I might take up is this proposal to write off the liability to the depreciation fund and general revenues. Here the criticism has been under two heads : first, what would be the financial effect and secondly, what would be the political effect of this proposal being accepted. Let me first explain the financial effect. I think perhaps that has not been fully appreciated. If the Convention is to continue unmodified the position will be this. Let us assume, and let us hope that the assumption will be justified in fact, that, say for a period of 10 years which I suggest is a long enough period to keep in mind for the purpose of examining the merits of this proposal, we are going to earn surpluses ; and let us further assume that the average annual surplus would be 2 crores. Honourable Members will agree that that is not too pessimistic an estimate. I am inclined to think it is a little too optimistic. Under the Convention each year this sum of 2 crores would have to be repaid into the Depreciation Fund in part payment of the loans taken from that Fund. Inasmuch as the total of those loans is over 31 crores, the whole of this 20 crores that might accrue in the next 10 years would be absorbed by the depreciation fund. Not a penny would go to general revenues in reduction of the arrears of the contribution, much less would any question of current contributions arise. So that, at the end of the next 10 years general revenues would not benefit by a penny ; the depreciation fund would benefit by 20 crores. If the suggested modification is made all this 20 crores would go to general revenues and ultimately under certain conditions the provinces might derive some benefit. If the average surplus was of the order of 3 crores a year, a similar result would follow. During the next 10 years the depreciation fund would benefit to the tune of 30 crores and general revenues would get nothing. So much for the financial effect.

It has been suggested that the acceptance of the proposal would have a sinister political effect. We propose to entrust the administration of our railways to the Federal Railway Authority, and the suggestion has been made that if railways were to continue to be indebted to general revenues in respect of these arrears of contribution, somehow the Legislature would be able to exercise more effective control and supervision over the Federal Railway Authority than they would otherwise be able to do. I venture to submit that the measure of control that the Legislature would be or would not be in a position to exercise over the Federal Railway Authority can have no relation to what the railways owe or do not owe to general revenues. That would be a question of the interpretation of the constitution, not a question of how much railways owe to general revenues. But, assuming that the liability of railways to general revenues had any relevance to the matter, railways would still be liable to general revenues in respect of current contributions, and if a liability would enable the Legislature to exercise control, the liability would still be there. There would be the obligation to contribute, and Honourable Members can draw such comfort from the fact as it may be capable of yielding.

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Another matter that was touched upon was the proposal to try the experiment of air-conditioned coaches. It was welcomed from some quarters of the House; it was subjected to adverse criticism from others as another instance of railways favouring the wealthier classes and pampering those who travel in the higher classes. I am afraid those Honourable Members who made themselves responsible for this piece of criticism did not fully appreciate the nature of the experiment which is proposed to be made. It is true that in the first instance the experiment would be limited to first-class coaches only. But it is not in the interests of first-class passengers only that it has been decided to make the experiment. As Honourable Members are always eager to point out, the world does not stand still. All sorts of improvements are taking place in all directions. One of the great discomforts of railway travelling in India during the hot weather is the very high temperature experienced in railway coaches and the dust, cinders and other similar nuisances from which one suffers. It would be the duty of anybody to whom the administration of railways was entrusted to be on the look-out to devise means to render railway travelling in the country more and more comfortable or less and less uncomfortable—from whichever point of view Honourable Members choose to look at the matter. The example of other countries shows that it is possible to get rid of these discomforts. It therefore became necessary to see whether in India something could not be done in that direction. But surely it is not the suggestion of Honourable Members that if this experiment has to be tried the trial should start with third-class coaches rather than with first-class coaches. One of the essential elements in the success of the experiment is the question of finance. In their present financial condition railways are not prepared to undertake an experiment of this description, unless they are quite sure that they would be able fully to recoup the whole of the additional expenditure that might be involved. If the results of this experiment show that financially it will not be a success and that the whole of the expenditure will not be fully recouped, then, however great the benefit which might result therefrom in the shape of greater comfort, the railways will not continue the experiment. So that the position is that if the experiment is a success the first-class passenger would have to bear the full cost involved in providing this additional comfort. But suppose it is a success and the coaches give the results which they are supposed to give and financially there is no risk in embarking upon the expenditure, then it would be quite practicable to extend the experiment to lower classes of carriages also. One necessary condition is that whoever wishes to travel in any such coach must pay a surcharge which must be enough in the case of each class of carriage to cover the extra expenditure. If that happens, I think third class passengers would benefit equally with other classes—more because under ordinary circumstances they are far less comfortable during the hot weather than passengers travelling in the higher classes. If this experiment is extended to third class coaches passengers in those coaches will be equally comfortable so far as these conditions are concerned on payment of a far lesser amount of surcharge than the higher class passengers would have to pay. As a matter of fact if the time arrives when we are able to run complete air-conditioned trains, that is to say, air-conditioned from end to end, including third class coaches, the problem of the third class passenger travelling on these fast trains between certain points in India would be completely solved.

I shall now go on to another matter to which Honourable Members appeared to attach a great deal of importance and that was the failure of

Government to acquire the Madras and Southern Mahratta Railway and the Bengal and North Western Railway. I include in the latter the Rohilkhand and Kumaon Railway and shall therefore make no separate reference to that system. It has been urged that there were several considerations which should have induced Government to come to the decision that as the contracts of these railways were about to fall in the opportunity should be taken to acquire these systems. It has been said that money is cheap and is not likely to be cheaper at any subsequent date. It was pointed out by the Honourable Pandit Kunzru, that one great benefit that might result from the acquisition of these systems would be a reduction of the amount of foreign capital invested in India and it has been suggested that the failure of Government to acquire these two systems is again due to some sort of political bias or some sort of political pressure brought to bear upon Government in this respect. May I assure Honourable Members that whether they think the decision was right or whether they think the decision was wrong it was arrived at purely on the merits of the question with regard to each railway and the merits were mostly, if not entirely, financial; and when I say if not entirely financial, I do not mean that the residue was political. It is true that money is cheap and I do not think it has at any time been contended on behalf of Government that there would be serious difficulties in the way of obtaining the amount necessary if it was decided to acquire these railways; the amount would very probably be obtained. The only difficulty in that direction would be the disturbance that might result from attempts to transfer very large amounts from India to England in sterling. Nobody is however able to assess whether that difficulty would be serious enough by itself to stand in the way of the acquisition of these two systems. I am only mentioning it so that it should not be overlooked. Government went very carefully into the figures of the earnings and expenditure of these railways and found that though in the case of the Madras and Southern Mahratta Railway the element of risk on the financial score would not be serious, there was a very serious risk so far as the Bengal and North-Western Railway and the Rohilkhand and Kumaon Railways were concerned. Honourable Members probably have in mind the high rates of dividend paid by the Bengal and North-Western Railway to its shareholders, but shareholders' stock so far as the Bengal and North-Western Railway is concerned is very small as compared with its total stock. The rest of it is mostly debentures on fixed rates of interest and most of it on low rates of interest. But that alone was not the problem. The present net earnings are alone no indication of what the results would be in case these railways were acquired by Government, for after all, has not the insistence on the acquisition of these railways, particularly the B. and N. W. Ry., been prompted mainly by the consideration that the services and amenities on these railways require considerable improvement according to Honourable Members and that necessarily means extra expenditure; and if it means large amounts of extra capital expenditure, it consequently means a very serious reduction in the net earnings. Government went carefully into the figures and found that from that aspect alone the acquisition was not worth while. Another consideration that has always been urged upon Government was the question of effecting economies by amalgamating certain systems of our railways. From that point of view again—as I have explained on some previous occasion, but I forget whether in this House or the other—on examination Government found that it would be possible to effect certain economies if the South Indian Railway and the Madras and Southern Mahratta Railway could be amalgamated. But the difficulty was that the contracts of the two railways were not coterminous. The position was that if you acquired one without acquiring the other you were bound to run that system till you

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acquired the other without amalgamation separately by itself and the economies that could result from amalgamation would not be achieved till the contract of the other railway fell in. The contract of the South Indian Railway does not fall in till 1945.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: Would it have imposed an additional charge on railway revenues if you had acquired the Madras and Southern Mahratta Railway immediately ?

THE HONOURABLE SIR MUHAMMAD ZAFRULLAH KHAN: I tried to explain that only two or three minutes ago. What I said was that though there would not be so serious a risk in the case of the Madras and Southern Mahratta Railway as in the case of the Bengal and North Western Railway, it did not appear to be a very profitable investment. At any rate one result of the arrangement now made with the Madras and Southern Mahratta Railway is that its contract has been made coterminous with the South Indian Railway, so that both of them, if it is so decided, can be acquired together and amalgamated and run as one system—at any rate so far as their metre gauge portions are concerned. It might be asked what was the consideration for the extension of the contract of the Madras and Southern Mahratta Railway beyond the next date at which the option might have been exercised. The consideration is a modification of the financial arrangements on which the company manages this railway, with the result that State revenues would benefit to the extent of between 15 and 20 lakhs a year, so that though Government have not exercised the option on this occasion they have secured a benefit to State revenues during the next 8 years of on the average between 15 and 20 lakhs a year, and they have also brought about this result that it is now possible to acquire the two systems together and amalgamation between the two would become a practical proposition. Another result is that the option with regard to these two railways, the B. & N. W. Railway and the M. & S. M. Railway, would not become exercisable simultaneously, so that with regard to the transfer of money also, at any rate the total amount required for the acquisition of these two railways would not have to be transferred at one time ; nor would it be required to be raised at one time.

The next matter on which I might offer some observations is the question of the co-ordination of road and rail transport. So far as the principles are concerned, which Honourable Members have stressed, I have not discovered much difference between their point of view and the point of view of Government. Some apprehension has been expressed with regard to interference with the development of rural communications. I think so far as the Government of India are concerned, Honourable Members need have no such apprehension at all. It is our keen desire, indeed we are anxious that the greater part of the money that may be available for the development of communications should be applied towards the opening up of communications in areas which are at present suffering from the lack of them, and more particularly that rural communications should be improved so as to provide free access for the agriculturalist to his markets. So far as the Government of India are concerned, they have only two anxieties. The first is with regard to the road policies of Provincial Governments. The anxiety of the Government of India is that funds which are available for the development of roads should not be spent as in some cases they are being spent at present in the duplication of means of communication, but should be spent in a manner which would secure the maximum of benefit to the country. It is perfectly true

that we can dispense neither with railways nor with roads, and as time passes we shall not be able to dispense with air communications. The world as I said only a few moments ago is advancing and it would be foolish to attempt to tie it down to the methods of any particular period. All that the Government of India are anxious to secure is that all these developments should be complimentary to each other and should not be unnecessarily competitive. Competition cannot be altogether ruled out and up to a certain point it is not only healthy, it is even necessary, but when it begins to be wasteful it must be checked and regulated. That is Government's anxiety with regard to the development of roads. With regard to motor transport itself, all that they desire again is regulation mainly in the interests of those who use this form of transport but also to secure elimination of uneconomic and unfair competition. There may be differences with regard to the particular measures to be applied to secure these ends and those differences can be discussed when these measures come up, but with regard to the principle of the thing I assure Honourable Members that Government have no desire to go further than that. It was said that if Government wanted to do more a great deal of bitterness would be created. Government do not desire to do anything more.

I now pass on to the question of the amenities provided for third class passengers. Here again the subject might be divided into two heads,—(1) the treatment of this class of passenger by railway staff; and (2) the actual accommodation and amenities provided by the railways for the passengers. Here it is no secret from Honourable Members that I am myself convinced and I have stated it on several occasions that there is room for a great deal of improvement under both heads. I am anxious to secure as much improvement under the second head as may be possible because there are limitations there which are unavoidable. I am anxious that no cause of complaint should be left under the first head because there no such limitations operate. I have tried to do with the help of the Railway Board and the Agents whatever may be possible in both these directions and I might give Honourable Members a few instances—at this late hour I cannot do more—under each of these heads.

I took up this matter fairly early after assuming charge of the department and have on several occasions talked very freely to the Agents on this matter. I have given them my personal experiences in this connection so that no room should be left in their minds for doubt as to the conditions prevailing upon the railways. On the last occasion I told them that I had a great deal more experience of these matters than any officer on the railway could claim for the reason that these officers were entitled to travel in first-class carriages or in reserved saloons and that therefore they could have no personal experience of these things at all. I put every aspect of the question that Honourable Members can possibly conceive of before the Agents, and I am convinced that they fully realise that they must continue to make efforts to persuade the staff that actually comes in contact with the third class passenger, to develop an attitude of greater courtesy, greater helpfulness and greater kindness towards these people. I have observed the results of their efforts personally and have also learnt of them through those who have opportunities to observe these conditions. Different railways have taken different measures to impress these matters upon their staff. One railway, for instance, has a calendar printed which I am told is supplied to every railway station and each day has a slogan for itself and each of these slogans impresses upon the staff the necessity of these things. For instance, one day it says, "The greater part of your salary is derived from third class passengers. You must help them all you

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can". Another day it says, "If you set an example of courtesy to your subordinates, they are bound to follow it. Lose no time in doing so". Then I have seen circular notices which are sent round to the staff, samples of which have been sent to me. Some of them contain quotations from my observations on these matters and draw the attention of the staff to these observations and tell them that these things must be looked after and that they must take it upon themselves to see that on their system at least there is no such complaint. I need not take up more of the time of the House in dealing with these matters. But these remarks will at least indicate that all of us who are responsible for these matters are fully impressed with the need of improvement in this connection. One Railway has gone so far as to say that those who want to continue on that Railway must take these things to heart. I must give every credit to the Administrations for doing all this to improve matters so far as this class of passenger is concerned. With regard to accommodation, etc., I have said there are limitations. The obvious limitation is the financial limitation. But within those limitations, improvements continue to be made. Those Honourable Members who were members of the Central Advisory Committee for Railways had occasion last year to examine a third class coach that had been constructed incorporating all sorts of improvements that had been suggested. I regret that so far the financial situation did not permit us to undertake the building of coaches of that design incorporating all those improvements. We are now in a position to be able to take that in hand and I am hoping that during the course of the next year a certain number of coaches would be built to that design, and they might begin to run on some systems at any rate. Honourable Members will realise that we cannot make replacements wholesale. In the first place, the money available would not permit of wholesale replacements. In the second place, we can only put on new stock when old stock becomes due for replacement. But within these limitations I hope a start will be possible during the course of the next year. In the meantime certain improvements are already being made in new stock and coaches that go back for repairs into the workshops, more comfortable seats, bigger latrines and so on. A system for cleaning out third class latrines during the earlier hours of the morning is being tried out. It was suggested to me that during these hours, the latrines in third class compartments were in a hopeless condition. I took the opportunity of examining some of them in a running train both in the evening and as early as 5 o'clock the next morning. I found that there was a good deal of basis for this complaint. I then made enquiries from various station masters and having appreciated their difficulties, I made a suggestion which has been taken up and we have had a report from one Railway system at any rate that on all their trains this system has been adopted and that every one of the third class latrines is cleaned out between the hours of 4 and 7 in the morning. Another Railway has written to say that they occasionally send one of their junior officers disguised as a peasant to travel over different sections of their system in order to find out what difficulties are actually experienced by third class passengers in regard to booking, finding accommodation, and treatment from the staff, and on the report of that officer suitable action is taken. Then, Honourable Members might have noticed in the Press that a system of reserving third class accommodation was started at Howrah and when that proved practicable it was taken up by other systems also and it is now in operation at Sealdah and also at Victoria Terminus in respect of certain trains. This ensures that there can be comfortable booking in advance by third class passengers at these big stations. It also ensures them a seat which means in

consequence that there can be no overcrowding in coaches where reserved accommodation is provided as only the prescribed number of passengers can be carried in such a coach. This is only a beginning. It may be possible to extend the system though there are obvious difficulties in the way of an extension of the system. This system is being worked only at terminus stations, but I think that in course of time extensions might be possible.

Then certain matters were raised with regard to staff. For instance, it was said that the Railways had been unsympathetic over labour questions and that the Hours of Work Convention had not been put into operation. Last year, in my Budget speech, I explained that Government had undertaken expenditure to the tune of nearly half a crore per annum in respect of labour matters and that in spite of the financial difficulties in which we found ourselves, we did not intend going back upon those arrangements, but that for the moment we must cry a halt till we knew where we were. This Convention has already been applied to the Great Indian Peninsula, the East Indian, the North-Western and the Eastern Bengal Railways, these being the four State-managed Railways. Out of the Company-managed Railways it has been applied on the Bombay, Baroda and Central India and the Madras and Southern Mahratta. (*An Honourable Member* : "What about the Bengal and North Western Railway and the Madras and Southern Mahratta Railways?") On the Madras and Southern Mahratta Railway it has already been applied. On the Bengal and North Western Railway we propose to apply it during the course of the year. I hope that satisfies the Honourable Member. Honourable Members have in the past severely criticised the Bengal and North Western Railway system for lack of amenities. I have had a report sent up to me recently from which I find that with regard to almost every feature to which objection has been taken, some improvement has either already been made or is about to be made. This is not the time for me to go into details over this, but perhaps I might draw the attention of Honourable Members to one or two matters in that connection. For instance, one of the complaints was that the running of trains on that system was very slow, that most of the trains were mixed trains which entailed a good deal of shunting at different stations with the result that passengers were unreasonably delayed. I am told that, except on a few of the less important branch lines, mixed trains have been done away with and passenger trains running at full permissible metre gauge speeds put in their place. With one or two unimportant exceptions, all six-wheeled stock on passenger trains has been replaced by bogies and practically all trains except those on short branches are supplied with third class latrine accommodation. All rebuilds are being fitted with latrines, and the design of compartments has been improved in accordance with seating arrangements on which members of the travelling public were consulted. Time tables have been improved and third class fares above 350 miles have been further reduced. The minimum so far on that railway was 2 pies a mile. Now, for distances above 350 miles it has been reduced to 1½ pies per mile. A programme for the provision of passenger sheds was decided on a few years ago but had been held over on account of depressed traffic conditions and lack of funds. This is now being gone on with as far as funds permit. Two large sheds have already been erected at Barauni Junction and it is proposed during the ensuing two years to erect commodious sheds at Samastipur, Sonopore, Chupra, Gorakhpur and Gonda, and to remodel Savan and Muzaffarpur stations. Greater attention is being given to the cleaning out of trains on long runs. More watermen were appointed last year during the hot weather, and the same policy will be continued this year. A fully qualified medical officer has been appointed to supervise refreshment rooms and vendors'

[Sir Zafrullah Khan.]

food supplies, and this has resulted in a better state of affairs all round and greatly reduced complaints. So that, not only is the Hours of Working Convention about to be applied to this railway, but there have been improvements in other respects, and I can assure Honourable Members that matters will continue to be watched with regard to these things and we hope that as far as possible these improvements will be continued at a progressive rate.

The Honourable Mr. Kunzru, is discussing the past history of railways, referred to two matters. One of those had reference to staff; the other was what the Honourable Member described as unjustifiable expansion immediately after the war. I will not enter upon a discussion of the last matter. I will only briefly say that there is a certain amount of justification for what he has said under that head, but it would not do for me to start criticising something for which somebody else was responsible, and that something which, looking back on it now, may appear not to have been justified but which in the conditions of those days might have appeared to have been fully justified. It is always easy to take up a superior attitude after a lapse of years and to say that in the past people were wrong in doing this or that, but it is very difficult to judge what exactly were the factors which operated upon their minds. The second matter was that the percentage of retrenchment was on a much higher scale at the bottom than at the top. The Honourable Member gave percentages with regard to retrenchment in various categories; superior posts 6 per cent, subordinate officers 12 per cent, and subordinate staff 14 per cent. From these percentages I am afraid I am unable to draw the same inference as the Honourable Member drew. A little reflection will show that these percentages cannot be regarded as unsatisfactory. On a system like the railways it is not possible to retrench right through from top to bottom in the same proportions. In some of the superior posts little or no retrenchment may be possible. Take the very topmost man, the Agent. A railway must have an Agent, and no reduction is possible there. Take the Divisional officers. In some rare case where two adjacent Divisions are capable of being amalgamated it might be possible to reduce a post but with regard to this class of officer generally very little in the way of retrenchment would be possible. On the other hand, supposing there are 300 clerks in a Divisional Superintendent's office, it might be quite easy to take away 30 and redistribute their work amongst the others. So that in any Department where there are large categories of staff at the bottom with a diminishing cadre of executive officers as you approach the top, it is difficult to carry out retrenchment to a fixed scale throughout. I am afraid, therefore, I am not disposed to regard the comparison between these percentages as unsatisfactory so far as the higher officers are concerned.

A reference was made by the Honourable Mr. Hossain Imam to the prevalence of corruption among a certain class of railway employee and he said railways must not expect that we should point it out to them. They must be conscious of it and must take steps to put an end to it. I do not for a moment deny that the primary responsibility is that of the Department and they must find out by whatever means it may be possible what the extent of the evil is and how it can be put an end to. But I submit to Honourable Members that it is impossible to do anything in this direction without the co-operation of the public and of those who deal with the subordinate staff among whom corruption is said to be rife. It is primarily our responsibility but we cannot discharge that responsibility satisfactorily unless that co-operation is forthcoming. I cannot deny the existence of the evil because of the volume of complaints which are received with regard to it. I do not think they are all

fanciful or imaginary, though I think they are often exaggerated. For instance, one Honourable Member said that stations were publicly auctioned. All that he meant was that a fee is sometimes paid by a subordinate for his transfer from one station to another. Of course it is just as objectionable if it is paid privately as it would be if it were paid openly, only it would not be possible to pay it openly. But I am at one with Honourable Members that we must do all we can to put an end to this sort of thing. If only the public and the commercial community will co-operate with us and let us have particulars, measures could more easily be taken to deal with it.

And now I come to the last matter that I need touch upon. I am conscious of the fact that several other matters were mentioned by Honourable Members, but if I were to attempt to deal even briefly with everyone of them we might be sitting here till midnight. This last matter concerns the responsibility of Government in respect of the strike on the Bengal Nagpur Railway. The strike has happily now been settled. Therefore I am reluctant to enter into any discussion of the merits of the question one way or the other, but I do wish to say that Government were not at any time indifferent towards the situation that arose. They satisfied themselves very early that there was nothing in respect of which they could usefully intervene. It will be within the recollection of Honourable Members that the original trouble was that 27 men had been demoted, instead of being discharged. They were found surplus to requirements and they were fitted in in lower positions carrying a rupee or two, or it may be three or four rupees, less salary than their original posts carried. This was considered to be unjustifiable by the Union and a strike was called. Government looked into the matter and they found that there could be no reasonable grievance on that score. There was no room for interference by Government, and the best proof of the fact that Government were right in coming to the conclusion that there could be no grievance in respect of the action taken by the Agent is that the very first thing that was agreed upon between the Agent and the representatives of the Union was that these 27 men should go back—they have since gone back—to their demoted positions. If it had eventually been found that the action in respect of these men was unjustifiable, Government might have been to blame that they did not interfere earlier and secure a redress of the grievances of these 27 men. It appears there was no grievance and they have gone back to the positions to which they had been demoted. I do not want to go into greater detail but it is perfectly clear that with regard to the original dispute Government's intervention was not called for at all. (Applause.)

THE HONOURABLE SIR CHARLES ARTHUR (Bengal Chamber of Commerce): Sir, I do not propose to take up the time of the House for more than a few moments. The Honourable Sir Guthrie Russell well knows that my constituents, the Bengal Chamber of Commerce, have bombarded him and his Department throughout this last year both by correspondence and in discussion and many important railway problems have been thoroughly gone into. Criticism was forthcoming in full measure and the Railway authorities were given much food for thought. How much of that food remains to be digested I do not know, but the future will show. It is not my intention today to add by criticism to the burdens either of the Honourable Member for Railways or of the Honourable Chief Commissioner. We prefer to await the results of the Wedgwood Committee's advices. When these are known I would assure the Honourable the Chief Commissioner that commercial interests will do all they can, when they can, to assist and not to hinder the efforts to be made by the Railway Administration to bring the railways back to prosperity.

***THE HONOURABLE SARDAR BUTA SINGH (Punjab : Sikh) :** Sir, the outstanding feature of the railway administration since 1930 has been a continuous loss in revenue, but I am glad to find a small surplus this year and congratulate the Honourable Member for Railways, the Chief Commissioner and the Financial Commissioner. Railways are a national concern and represent borrowed capital to the extent of 800 crores. It is therefore of vital importance that income from the railways should provide an adequate net profit to meet the debt charge and make a substantial contribution to the central revenues. It seems strange that so far no provision has been made for the liquidation of this heavy debt. I wish therefore to propose that in future a sinking fund should be started for the redemption of this debt and at least 1 per cent. out of earnings should be placed into the sinking fund, so that this valuable national asset may be freed permanently from debt and be in a position to serve the larger interests of the public.

The other suggestion I make is that our large railway workshops should be utilised by extension and equipment to meet all the requirements of the railways in the country itself. There is no reason why boilers and engines should not be made in Indian workshops and those workshops should also cater for outside demand for machinery. Indeed these workshops can become the starting point of the development of heavy industry in India. It has been said that railways are losing by continuous competition with motors. In taking the financial position into consideration, our Finance Member might take the income from two sources of transport into account. It is true that railways have been losing about 3 crores or so a year, but then motor transport has been giving an additional income of 8 crores a year and this income is expanding every year. It stands to reason that by control of motor traffic, railways may retrieve their position to a certain extent, but the central revenues must lose an increasingly expanding revenue from motor traffic. The restriction of motor traffic is held by all men with progressive ideas as a retrograde step and the Honourable Finance Member's utterances have created an atmosphere of uncertainty in the provinces as to whether the Government of India will keep them forthwith. It is rather disgusting the way promises made by one Finance Member have been broken by another Finance Member.

Railways can only prosper if the people are prosperous. Railways can improve their finances only by serving the larger interests of the producers, not only as a commercial concern, but as a part of the plan which aims at improving the condition of the cultivators and providing facilities of marketing by providing cheap and efficient means of transport.

THE HONOURABLE MR. GOVINDLAL SHIVLAL MOTILAL (Bombay : Non-Muhammadan) : Sir, we may draw some comfort from the fact that this year instead of a deficit in the Railway budget, we have a surplus however small and uncertain it may be.

However thankful we may be to Providence for the small mercy, there is not much reason for us to congratulate ourselves on the financial position of the Railways. The recent improvement is due to certain exceptional factors and Sir Russel has been wisely cautious in presenting the estimates. As he himself suggested there is no reason for us to take too optimistic a view of the future. This is specially so when we reflect that according to the recommendations of the Niemeyer Committee, unless the Railways are in a position to make a substantial contribution to the general revenue, it will be difficult for us to

meet our liabilities in various directions and the prospects of Provincial autonomy will necessarily be extremely gloomy.

The recent improvement in the Railway finances, it will be observed, is mainly due to the increase in the export trade, specially in the last few months due to the war scare. The benefit, we have so far drawn, may be small but it has emphatically made clear one thing, *viz.*, that the one sure way to improve the Railway finances, is to secure increase of the export trade of India. The same lesson is emphasised if you consider the changes of fortune in the Railway finances during the last ten years. The railways were making profit when the export trade was good. But when the unfavourable ratio crippled the export trade and the Ottawa Pact antagonised India's best customers, the Railways instead of showing any profit had to draw heavily on the Depreciation Fund.

This proves that for a real and radical improvement of the railway finances, the general financial policy of the country must be such as will stimulate the trade industry of the country. In the absence of such a policy, no amount of economy and reform in the Railway administration itself will be enough to improve the Railway finances.

This, of course, does not mean that there is no need for retrenchment and reform in the Railway administration itself. In fact, both are urgently called for.

The remuneration of the Railway staff should be adjusted strictly in accordance with the conditions of an economically poor country like India. An accelerated policy of Indianisation would, I am sure, bring about considerable retrenchment. It is also high time that the Lee Concessions which were granted on too generous a scale should now be reviewed and revised.

There is also a great room for drastic retrenchment in the working expenses of the Railways. I would like to suggest one possible source of economy. I understand the balance of stores with the different railways in India is about Rs. 10 crores. This strikes one as too large a figure. In all big industrial undertakings, stores constitute a fruitful source of wastage, if not pilferage. With the development of Indian industries, it should be possible to obtain a larger proportion of railway stores in India. And I would suggest that stores which could be obtained in India should not be stocked to last more than two months; whilst those imported from abroad may be held to cover six months' requirements.

Regarding the road-rail controversy, I do not want to minimise the importance of the motor competition in reducing the railway revenue, but from my own experience of these two transports in the business world, may I say this that so far as long lines are concerned, that is traffic of goods over long distances, it is not so much the motor traffic which takes away the share of the railway traffic, but it is in the shorter distance transport that the motor buses and lorries take some share of the traffic. And that is due to the fact that it is cheaper to transport goods over short distances by motor lorries than by railways and to this extent motor transport does help and the railway companies have to adjust their policy and co-ordinate their services with the motor service. Even these motor lorries when they are running and competing with the railways find that that competition is not always economical. Some people expect that it will be economical and take to it but the competition is so great that even for those lorry-owners their high prospects have disappeared, and if Government take any measures, as some measures have been suggested in the speeches I have heard and some limitations are imposed on this traffic in goods, then I say, Sir, we must take into consideration the considerable benefit which the other industries derive and particularly rural areas derive from this cheap transport.

[Mr. Govindlal Shival Motilal.]

I was surprised to find Sir Russel making the following statement when he introduced the Budget. He said, " If the fare at present charged for a distance of 100 miles is, say, about Re. 1-8, a reduction to Re. 1-6 consequent on the lowering of fares by a quarter of a pie per mile will not, I suggest, result in a single additional passenger travelling".

I am sure, Sir Russel would not have made this suggestion if he had an idea of the number of passengers carried by motor buses between Bombay and Poona from early hours in the morning till very late at night. The distance between Bombay and Poona is just over a hundred miles; and the difference between the railway fare and the bus fare amounts to only a few annas. But this makes all the difference to poor people specially when they have to make repeated journeys between two places.

Sir Russel also observed, " Until now rail-road competition has been mostly confined to passenger traffic, but there are signs that lorries are gaining a greater and greater share of goods traffic". This also is not surprising considering that even a little difference in rates can make or unmake a trade or industry and kill the possibility of profitably marketing agricultural produce.

The rail-road competition should not be looked upon as an isolated problem but should be comprehensively considered from the point of the general economic development of the country. It is good that the Government should have appointed a Railway Inquiry Committee. But it is a pity that the Government should have been so indifferent to the wishes of the people as not to include a single Indian among the members of this Committee, when they went so far as South Africa to find an expert. I cannot help giving expression to the feeling of acute resentment which prevails in the Indian commercial community on this point. The Commerce Member has dealt with this question but I may be allowed to add with due respect to him that the arguments advanced by him have not convinced this side of the House. It is to be hoped that this foreign expert Committee will give due weight to the representations made by the various commercial bodies in the country and will submit constructive proposals as much for retrenchment as reform in the railway administration.

What we want is concrete improvement in the Railway administration and not mere financial window-dressing. The proposal to wipe off the accumulated liabilities to the Depreciation Fund may give us a clean slate as promised by the Railway Member. But what we want is not a clean slate but more railway revenue and less railway expenditure. By writing off the debt to the Depreciation Fund, we shall not be richer by a single rupee nor will the railways be in any more sound or solvent position.

THE HONOURABLE SIR MUHAMMAD ZAFRULLAH KHAN: Sir, may I with your permission convey a piece of information to the Honourable Pundit Kunzru. He said his information was—it was not within his personal knowledge but somebody had told him—that wagons had been used for the conveyance of passengers on the occasion of the last Gurmukhtesar Fair. Now, on this matter I gave very strict instructions last year that on no occasion were wagons to be used for this purpose but that if any situation arose where a Railway administration could not avoid the use of wagons for this purpose they must immediately inform the Railway Board of the circumstances under which they were so used. This was clearly explained to the Agents and no complaint or report with regard to any such use on the occasion of the Gurmukhtesar fair has been received, from which I conclude that the Honourable Member's information could not possibly have been correct.

THE HONOURABLE MR. SITAKANTA MAHAPATRA (Orissa : Non-Muhammadan): Sir, I congratulate the Honourable the Chief Commissioner for Railways for at last presenting a surplus Railway Budget after a long spell of 7 years. I congratulate him all the more because his budget will come as a very welcome surprise to deficit Provinces starting for unknown destinations. The phenomenon that he has brought about so soon was unthinkable on the part of such a great financial expert as Sir Otto Niemeyer within 5 years. Sir, representing as I do a Province which may be a dependent in perpetuity on the resources of the Central Government, I am particularly elated over the budget proposals, because, thanks to Sir Otto's shabby award, even after enforcing the most stringent economies, a cautious man of the type of Sir John Hubback has found it impossible to make two ends meet in our provincial budget. As anticipated by the Percy Committee, the Railways have been able to contribute to an extent of 5 crores a year and a net receipt of 12 crores from the Income-tax are expected next year in spite of the separation of Burma. If the recommendations of Sir Otto Niemeyer and the Order in Council over it are given effect to, I hope, at least 4 crores will be available in 1937-38 from Income-tax receipts for distribution among the Provinces embarking on a strange and perilous journey and my province, in that case, may benefit to an extent of 8 lakhs.

The Railway Administration are going to introduce soon air-conditioned saloons for first class passengers. Is it not scandalous, Sir, in a poor country like India to look to the comforts of first class passengers before providing bare sitting accommodation for third class passengers? I have rarely travelled in State-managed Railways but whenever I have travelled I have seen that all on a sudden a whole third class bogey is detached at a station and the surprised occupants almost kicked out of the compartments. Most of them do not find time to occupy other compartments and some others get into higher class compartments in haste only to be charged by the ticket collectors. Such deplorable state of things have never been seen by me even in the Bengal Nagpur Railway, the most inefficiently managed railway in India.

Sir, Railways in India, particularly Company-managed railways, are so much Europeanised that even Sir Henry Gidney has often complained of too much Europeanisation. It is a fact which has long been made a national question. But no heed is being paid to it. (*An Honourable Member: "Make it an international question."*)

Catering arrangements in Indian Railways are simply ridiculous. In the B. N. Railway Indian catering contracts are sold out and they fetch something like a lakh a year. But the company themselves arrange for European catering and there lose about a lakh and a half annually. Can there be anything more ridiculous? I am surprised to hear that even State-owned railways have begun to imitate the B. N. Railway and Indian catering contracts in the N. W. Railway have already been sold. Although Indian catering contracts are generally sold out, no European catering contract has yet been sold in India; on the other hand, it is everywhere subsidised.

The Honourable the Chief Commissioner is of opinion that a reduction of fare from Rs. 1-8 to Rs. 1-6 will not result in an additional passenger. I must regard it as his personal view and I think that had he opportunities to mix with the poor village people he would surely have modified his view.

He has again been pleased to remark—I quote him—

“In view of the widely different circumstances prevailing in the various provinces of a sub-continent like India, uniformity in the basis of charges on the different Railways is impracticable.”

[Mr. Sitakanta Mahapatra.]

The B. N. Railway passes through five different provinces, some very wealthy and others very poor. On the basis of which province were its rates calculated and have they ever been revised after the general depression began in 1928? The rates of the B. N. Railway are very much higher than those of the E. I. Railway. Is it because the B. N. Railway alone serves the poorest province in India and the E. I. Railway passes through rich provinces? I should think that the main reason why income from passenger traffic is going down and down in that Railway is this unbusinesslike action on the part of the authorities there. People in our parts prefer to go to Calcutta by steamer from Chandbali because it is cheaper although they suffer untold hardships thereby.

Sir, special rates have been devised for transport of wheat and other commodities grown in the Punjab, because, perhaps, the Punjabi Railway Member is aware of the needs of his Province. But the B. N. Railway have never done anything for the circulation of paddy in spite of repeated requests from the Orissa Chamber of Commerce and the Orissa Millowners Association.

The Chief Commissioner is keen over the question of rail-road competition. Do not the lorries and the buses thrive upon the deficiencies of the Railway Administration? Besides, they go to the interiors and bring marketing facilities to the rural population.

Sir, I have seen in my side that people prefer buses because it is very difficult to purchase tickets in the B. N. Railway. The booking clerk in the B. N. Railway—I have my personal knowledge in all stations from Puri to Kharagpur—opens his window only a few minutes before the train time. Anxious passengers do not often find time to take back coins due to them. I know a co-villager of mine once took a more experienced man to help him in purchasing a ticket.

Then there is the question of corruption which is perhaps much more important a factors than road competition. Some years ago I was a guest in the house of the Assistant Station Master of a very small station, named Kenduapada, in the B. N. Railway. All his utensils were made of silver. I was surprised. He told me that his income was about Rs. 1,500 a month, mostly from ignorant passengers from Calcutta who got down there. I am reliably informed that in most of the stations in Orissa the goods staff and the ticket collectors are entrusted with the collection of bribes, and they are shared by the whole staff, including the station master. It is, I hope, common knowledge that the station staff everywhere enjoy the best from what are carried in the goods trains. Under the circumstances, is it because the Government of India have invested 800 crores in railways in India that people should travel in, and use the railways at all costs?

Sir, the B. N. Railway passes through the whole of Orissa, natural and political, and most of its mileage is there. But it is a bit surprising that while they have their construction programmes next year in Kharagpur, Adra, Nagpur and Santragachhi, they have totally forgotten Orissa. We have been agitating for a long time for improving the Cuttack railway station. The platform there is very low and Cuttack is going to be the capital of the province

AN HONOURABLE MEMBER: Is that settled?

THE HONOURABLE SIR MUHAMMAD ZAFRULLAH KHAN: Has that been decided?

THE HONOURABLE MR. SITAKANTA MAHAPATRA : Almost. But no steps are contemplated in this region during the next year.

Sir, the B. N. Railway is running at a huge loss for at least the last 15 years, if not more. For the last 7 years the losses are over 2 crores on an average. Have the Railway Administration taken any steps during all this time to get at the root cause of this huge deficit? Why should the poor taxpayers bear such a huge burden for nothing? Why should we pay for the inefficiency of the B. N. Railway Company? Sir, with all respects to you, as you are connected with the B. N. Railway for many years—(*An Honourable Member*; “How”) (*Another Honourable Member*; “As a member of the Advisory Committee”)—I should say that the B. N. Railway is the most ill-managed railway in India. Company-management has absolutely failed there and the time has come when steps should be taken to bring the railway under State management or failing it to thoroughly overhaul the administration there.

Sir, in the whole of the State-managed railways there is not a single Oriya employed, not even a menial. Strangely enough, three years back when I was in the Assembly I came across one Oriya young man who had passed for a Bengali and been employed in the E. I. R. He was retrenched, unnecessarily, perhaps because he was discovered. I approached the Deputy Agent of the E. I. R. who admitted the injustice of the case and promised to recommend reconsideration of his case to the Divisional Superintendent, but nothing came out of it. I would earnestly appeal to the Honourable the Chief Commissioner to be kind to the poorest province in India and give some of her people morsels of food.

Sir, one Honourable gentleman opposite spoke about deficits on strategic railways and said that if they are excluded from the railway budget they would be included in the general budget and there would be no benefit to anybody. But I think Provinces in that case would be benefited by sharing in income-tax receipts early and more fully.

Sir, I conclude.

THE HONOURABLE MR. BRIJLAL NANDLAL BIYANI (Berar Representative): I would take only a minute of this House. I do not want to go into details though I have my own views on many questions. I did not intend to open my lips on the first day, and possibly the last day, of my attendance in this House. (*Honourable Members*: “Why?”) Because I am being prosecuted under section 124A and I am leaving tomorrow. But I don't want to keep silent on one point. Many Honourable Members protested against the exclusion of Indians from the Wedgwood Committee. This, Sir, amounts to recognition of the right of foreigners being on the Committee. I therefore rise, not to protest against the exclusion of Indians from the Committee, but against the inclusion of foreigners on the Committee. As a representative of the Indian National Congress let me say with all the force that Indians are entitled and are fit to manage their own affairs, and anything that is done at foreign hands will no longer carry India with it. What I have said about the Wedgwood Committee applies equally to the Railway Board. That is all I want to say.

THE HONOURABLE THE PRESIDENT : That concludes the debate on the Railway Budget.

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

THE HONOURABLE THE PRESIDENT : With reference to the announcement made by me on the 16th February, regarding nominations to the various Committees, I have to announce that the following Honourable Members have been nominated for election to the Standing Committee to advise on subjects other than "Indian Overseas—Emigration" and "Haj Pilgrimage", dealt with in the Department of Education, Health and Lands :—

1. The Honourable Sir David Devadoss.
2. The Honourable Mr. V. Ramadas Pantulu.

There are two candidates for two seats and I declare them duly elected.

STANDING COMMITTEE FOR THE DEPARTMENT OF INDUSTRIES
AND LABOUR.

THE HONOURABLE THE PRESIDENT : The following Honourable Members have been nominated for election to the Standing Committee to advise on subjects other than "Roads" and "Posts and Telegraphs", with which the Department of Industries and Labour is concerned :—

1. The Honourable Diwan Bahadur Sir K. Ramunni Menon.
2. The Honourable Mr. Sitakanta Mahapatra.

There are two candidates for two seats and I declare them duly elected.

STANDING COMMITTEE ON THE PILGRIMAGE TO THE HEJAZ.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : I have to make a request to you on behalf of the Progressive Party. Accidentally our Party did not nominate a member for the Haj Standing Committee. I therefore request your favour in allowing us to nominate the Honourable Haji Syed Muhammad Husain for election to the Hejaz Committee.

THE HONOURABLE THE PRESIDENT : What was the accident ?

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : The Member who had undertaken to nominate the Honourable Syed Muhammad Husain accidentally did not arrive in time. The consent of the Member was taken and it was decided to nominate him, but owing to the non-arrival of the proposer in time the nomination was not made in time. As this is a new House, under the special circumstance we would request your favour in permitting the nomination to be made now.

THE HONOURABLE THE PRESIDENT : The Secretary of the Council brought to my notice at 11-15 this morning that your application was 15 minutes late. I do not want to depart from the usual practice in these matters, but in the circumstances stated by you, if the Leader of the House has no objection and no other Member has any objection, I will give you the permission.

THE HONOURABLE KUNWAR SIR JAGDISH PRASAD : Sir, I have no objection.

(No other Member objected.)

THE HONOURABLE THE PRESIDENT: As there is no objection I will allow you.

The following Honourable Members have been nominated for election to the Standing Committee on Pilgrimage to the Hejaz :

1. The Honourable Khan Bahadur Shams-ud-Din Haider.
2. The Honourable Khan Bahadur Syed Ihtisham Hyder Chaudhury.
3. The Honourable Haji Syed Muhammad Husain.

There are three Muslim candidates for two Muslim seats and an election will be necessary. The date of election will be announced later.

STANDING COMMITTEE ON EMIGRATION.

THE HONOURABLE THE PRESIDENT: The following Honourable Members have been nominated for election to the Standing Committee on Emigration :—

1. The Honourable Sir Phiroze Sethna.
2. The Honourable Mr. B. K. Basu.
3. The Honourable Kunwar Nripendra Narayan Sinha.
4. The Honourable Mr. P. N. Sapru.
5. The Honourable Rai Bahadur Lala Ram Saran Das.

There are 5 candidates for 4 seats and an election will be necessary.

The date of election will be announced later.

STANDING COMMITTEE FOR THE DEPARTMENT OF COMMERCE.

THE HONOURABLE THE PRESIDENT: The following Honourable Members have been nominated for election to the Standing Committee to advise on subjects in the Department of Commerce :—

1. The Honourable Sir Phiroze Sethna.
2. The Honourable Diwan Bahadur Sir K. Ramunni Menon.
3. The Honourable Mr. V. V. Kalikar.
4. The Honourable Rao Bahadur K. Govindachari.

There are 4 candidates for two seats and an election will be necessary. The date of election will be announced later.

GOVERNING BODY OF THE INDIAN RESEARCH FUND ASSOCIATION.

THE HONOURABLE THE PRESIDENT: The following Honourable Members have been elected for election to the Governing Body of the Indian Research Fund Association :—

1. The Honourable Sir Phiroze Sethna.
2. The Honourable Diwan Bahadur Sir K. Ramunni Menon.
3. The Honourable Mr. Hossain Imam.

There are 3 candidates for one seat and an election will be necessary. The date of election will be announced later.

STATEMENT OF BUSINESS.

THE HONOURABLE KUNWAR SIR JAGDISH PRASAD (Leader of the House): Sir, with your permission I propose that the Council may sit on Tuesday, the 23rd February, and thereafter from day to day for the consideration and passing of the official Bills which have been laid on the table of the House on the 16th February and today, as well as for the disposal of the Government business of which notice will be circulated tonight. I think the House will probably like to know what business is to come up on Tuesday. We propose to place before them the following Bills in the order in which I am indicating. The first Bill that will be taken up will be the Agricultural Produce (Grading and Marking) Bill; the second on the list is the Naval Armaments (Amendment) Bill; the third is the Land Customs (Amendment) Bill; the fourth is the Income-tax (Amendment) Bill; the fifth the Lao Cess (Amendment) Bill; and the last the Arbitration (Protocol and Convention) Bill. I think it will probably be convenient if on Tuesday we adjourn after Lunch as there is another important engagement in the afternoon. I think that is the general wish of the House also, Sir.

THE HONOURABLE THE PRESIDENT: I will adjourn the House now till 11 A.M. on Tuesday the 23rd February, and on that day the Council will only sit till half past one.

The Council then adjourned till Eleven of the Clock on Tuesday, the 23rd February, 1937.