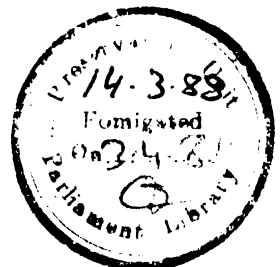


THE COUNCIL OF STATE DEBATES

VOLUME I, 1940

(16th February to 10th April, 1940)

SEVENTH SESSION OF THE FOURTH COUNCIL OF STATE, 1940



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THE
COUNCIL OF STATE DEBATES
(OFFICIAL REPORT OF THE SEVENTH SESSION OF THE FOURTH
COUNCIL OF STATE)

VOLUME I—1940

COUNCIL OF STATE

Friday, 16th February, 1940

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

MEMBERS SWORN

The Honourable Sir Guthrie Russell (Chief Commissioner for Railways).
The Honourable Mr. Satyendra Nath Roy (Communications Secretary).
The Honourable Mr. Eric Conran-Smith (Home Secretary).
The Honourable Mr. Hugh Dow (Nominated Official).
The Honourable Mr. Cyril Edgar Jones (Finance Secretary).

QUESTIONS AND ANSWERS

NAMES OF CONTRACTORS SUPPLYING BALLAST, ETC., TO THE E. I. R., E. B. R.
AND B.N.R.

1. THE HONOURABLE KUMAR NRIPENDRA NARAYAN SINHA :
(a) Will Government lay on the table a statement showing—

- (i) the names of the contractors who supplied ballast, stone-chips and stone-setts to the E.I.R. (Howrah Division), E.B.R. and B.N.R. during the years from April, 1935 to March, 1939 ;

(1)

- (ii) the quantity of each material supplied by each of the contractors ;
- (iii) the rate at which the contract was sanctioned ; and
- (iv) the amount paid and the amount still due to each contractor for the supply of the above-mentioned materials ?

(b) Will Government state the name or names of the officers who have or had sanctioned the contracts referred to above ?

THE HONOURABLE SIR GUTHRIE RUSSELL : (a) and (b) Government consider that the time and labour involved in obtaining the information would be incommensurate with the value of the information gained.

REDUCTION IN AGE LIMIT FOR THE INDIAN POLICE

2. THE HONOURABLE MR. P. N. SAPRU : Will Government state—

- (a) whether age limit for the Indian Police Service has been lowered ;
- (b) whether the age limit now fixed is 20 to 22 ;
- (c) the reasons for the change ;
- (d) the date from which the change will take effect ;
- (e) whether due notice of the change was given, and, if so, when ?

THE HONOURABLE MR. E. CONRAN-SMITH : (a) and (b). The answers in the negative so far as recruitment in England is concerned. As regards the Indian Police examination in India, the age limits have been lowered from 21—24 to 20—22.

(c) The change is expected to improve the quality of recruits as they will be taken at a more impressionable age when they can adapt themselves to the special requirements of the police service.

(d) The minimum age was introduced with effect from the 1939 examination and the maximum age will take effect from the examination to be held this year in September.

(e) Yes. Notice was given in the Home Department Notification No. 20/1/39-Police, dated the 26th January, 1939.

THE HONOURABLE MR. P. N. SAPRU : What changes take effect in 1939 ?

THE HONOURABLE MR. E. CONRAN-SMITH : As I have explained, the minimum age took effect from the 1939 examination, but we postponed the application of the maximum age limit until the examination being held this year, 1940.

THE HONOURABLE MR. HOSSAIN IMAM : What is the minimum and maximum age for England ?

THE HONOURABLE MR. E. CONRAN-SMITH : The minimum and maximum age for England is 19 and 21, respectively.

INDIAN AUDIT AND ACCOUNTS AND COMBINED SERVICES EXAMINATION

3. THE HONOURABLE MR. P. N. SAPRU : (a) What is the number of candidates allowed to sit for the Indian Audit and Accounts and Combined Services examination ?

- (b) Is there any rule limiting the number of candidates ?
- (c) How is the preliminary selection made ?

(d) Is Government aware that in some cases first and second class graduates were eliminated from sitting at the examination while third class graduates were allowed to appear at the examination ?

THE HONOURABLE MR. C. E. JONES : (a) and (b). I would invite the Honourable Member's attention to rule 8 of the rules for the examination, published with the Government of India, Finance Department, Resolution No. F. 15(6)-Ex. II/39, dated the 6th May, 1939.

(c) By the Federal Public Service Commission in accordance with the principles laid down in rule 8 and on inspection of the applications of the candidates.

(d) Yes. To the extent necessitated by the considerations mentioned in part (c) of the reply.

THE HONOURABLE MR. HOSSAIN IMAM : What is the maximum number fixed by that rule to which the Honourable Member refers ?

THE HONOURABLE MR. C. E. JONES : Rule 8 referred to, if I might be allowed to read the rule, says that "The candidates to be admitted to the examination shall be limited to such number, being not less than 200 and not more than 300, as the Commission may fix. If the number of applicants exceeds that limit, in selecting those who shall be admitted to the examination the Commission shall have regard to the suitability of the applicants and to the adequate representation of the various communities and provinces of India".

THE HONOURABLE MR. HOSSAIN IMAM : Is it a fact that every year the number of people who appear is much less than 200 ?

THE HONOURABLE THE PRESIDENT : I cannot allow that. It is a new question altogether.

THE HONOURABLE MR. HOSSAIN IMAM : Sir, it arises out of this fact that the number is limited.

THE HONOURABLE MR. P. N. SAPRU : Is it a fact that members of the minority communities who are second class graduates have not been allowed to appear and members of minority communities who are third class graduates have been allowed to appear ?

THE HONOURABLE THE PRESIDENT : That does not arise out of the answer given by the Honourable Member.

THE HONOURABLE MR. P. N. SAPRU : If you will see part (d), Sir, that is the specific question I have asked.

THE HONOURABLE THE PRESIDENT : Yes, but he is not bound to answer everything you want.

THE HONOURABLE MR. HOSSAIN IMAM : I would invite your attention to the fact that here the subject-matter of the question is whether first and second class graduates were eliminated. I wish to ask if first class M. As. have been eliminated ?

THE HONOURABLE THE PRESIDENT (to the Honourable Mr. Jones) : You can insist on notice if you are not aware of any facts.

THE HONOURABLE MR. C. E. JONES : I would merely invite attention to the fact that in eliminating candidates the Commission has to pay regard not only to the communities but also to provinces, so that not only the different communities but also the several provinces secure a fair representation in the numbers admitted to the examination. It is therefore possible that qualifications which may secure admission to the examination in one province may not suffice to secure admission to the examination from another province.

THE HONOURABLE MR. P. N. SAPRU : Is that rule with reference to provincial representation also taken into consideration in finally selecting the candidates or in finally assessing the value of the candidates ?

THE HONOURABLE MR. C. E. JONES : I would point out, Sir, that the principles on which the elimination of candidates is made are within the entire discretion of the Public Services Commission and that the Government do not enter into the question at all.

THE HONOURABLE MR. HOSSAIN IMAM : Are the Government prepared to remove the maximum limit of 300 due to the fact that even the minimum number does not appear ?

THE HONOURABLE MR. C. E. JONES : That question is under consideration now.

STATEMENTS, ETC., LAID ON THE TABLE

INSURANCE RULES, 1939

THE HONOURABLE SIR ALAN LLOYD (Commerce Secretary) : Sir, I lay on the table a copy* of the Insurance Rules, 1939.

THE HONOURABLE KUNWAR SIR JAGDISH PRASAD (Education, Health and Lands Member) : Sir, I lay on the table a copy of the Declaration of Exemption under section 6 of the Registration of Foreigners Act, 1939 as published with the Notification of the Government of India in the External Affairs Department No. F. 207-N/39, dated the 12th October, 1939.

REGISTRATION OF FOREIGNERS ACT, 1939

Declaration of Exemption

No. F. 207-N/39, dated the 12th October, 1939.—In exercise of the powers conferred by section 6 of the Registration of Foreigners Act, 1939 (XVI of 1939), the Central Government is pleased to declare that the provisions of the Registration of Foreigners Rules, 1939, except rule 8 and such of the provisions of rules 4, 14, 15 and 16 as apply to, or in relation to, passengers and visitors who are not foreigners, shall not apply to, or in relation to, the four undermentioned Officers of the Iraqi Government who are undergoing military training at the Staff College, Quetta :—

- (i) Captain Ghazi Muhammad al Daghistani,
- (ii) Captain Hassan Ali Ghalib,
- (iii) First Lieutenant Abdul Razzaq Hammudi, and
- (iv) First Lieutenant Akram Ahmed.

2. This declaration is valid for so long as the officers named are attached for training to the Staff College, Quetta.

(Sd.) C. A. G. SAVIDGE,

Under Secretary to the Government of India.

THE HONOURABLE MR. E. CONRAN-SMITH (Home Secretary) : Sir, I lay on the table copies of the Declarations of Exemption under section 6 of the Registration of Foreigners Act, 1939 as published with the Notifications of the Government of India in the Home Department Nos.—

- (1) 21/68/39-Political (W), dated the 7th October, 1939,
- (2) 21/68/39-Political (W), dated the 9th November, 1939,
- (3) 21/68/II/39-Political (W), dated the 17th November, 1939,
- (4) 21/68/39-Political (W), dated the 18th December, 1939, and
- (5) 21/68/39-Political (W), dated the 2nd February, 1940.

REGISTRATION OF FOREIGNERS, ACT, 1939

Declaration of Exemption

No. 21/68/39-Political (W), dated the 7th October, 1939.—In exercise of the powers conferred by section 6 of the Registration of Foreigners Act, 1939 (XVI of 1939), the Central Government is pleased to declare that the provisions of the Registration of Foreigners Rules, 1939, except rule 8 and such of the provisions of rules 4, 14, 15 and 16 as apply to, or in relation to, passengers and visitors who are not foreigners, shall not apply to, or in relation to, the following persons, namely :—

- (a) the French Trade Commissioner in India, Burma and Ceylon, Calcutta ;
- (b) the Senior American Trade Commissioner in India, Burma and Ceylon, Calcutta ;
- (c) the Assistant American Trade Commissioner in India, Calcutta ; and
- (d) the Italian Trade Commissioner in India, Bombay.

(Sd.) E. CONRAN-SMITH,
Secretary to the Government of India.

No. 21/68/39-Political (W), dated the 9th November, 1939.—In exercise of the powers conferred by section 6 of the Registration of Foreigners Act, 1939 (XVI of 1939), the Central Government is pleased to declare that the provisions of the Registration of Foreigners Rules, 1939, except rule 8 and such of the provisions of rules 4, 14, 15 and 16 as apply to, or in relation to, passengers and visitors who are not foreigners, shall not apply to, or in relation to, the Japanese Resident Officer in India.

(Sd.) H. J. FRAMPTON,
Deputy Secretary to the Government of India.

No. 21/68/II/39-Political (W), dated the 17th November, 1939.—In exercise of the powers conferred by section 6 of the Registration of Foreigners Act, 1939 (XVI of 1939), the Central Government is pleased to declare that the provisions of the Registration of Foreigners Rules, 1939, except rule 8 and such of the provisions of rules 4, 14, 15 and 16 as apply to, or in relation to, passengers and visitors who are not foreigners, shall not apply to, or in relation to, the following members of the Japanese Delegation who have arrived in India to participate in the Indo-Japanese trade negotiations, namely :—

1. Mr. Kyuhichi Toyoshima.
2. Mr. Rihichiro Abe.
3. Mr. Taiichiro Matsuo.
4. Mr. Katsuzo Shibata.
5. Mr. Shigeru Kawa.

2. This Declaration will remain valid during the period of stay of these persons in India.

(Sd.) H. J. FRAMPTON,
Deputy Secretary to the Government of India

No. 21/68/39-Political (W), dated the 18th December, 1939.—In exercise of the powers conferred by section 6 of the Registration of Foreigners Act, 1939 (XVI of 1939), the Central Government is pleased to declare that the provisions of rule 10(2) of the Registration of Foreigners Rules, 1939, shall not apply to, or in relation to, the following persons, namely:—

1. The Archbishop of Pondicherry (the Most Reverend Augustine Colas).
2. Dr. (Miss) Ida Sophia Scudder, Head of the Women's Medical Mission, Vellore.
3. Dr. Johannes Frimodt-Moller, Head of the Tuberculosis Sanatorium, Madanapalle.

(Sd.) H. J. FRAMPTON,

Deputy Secretary to the Government of India.

No. 21/68/39-Political (W), dated the 2nd February, 1940.—In exercise of the powers conferred by section 6 of the Registration of Foreigners Act, 1939 (XVI of 1939), the Central Government is pleased to declare that the provisions of the Registration of Foreigners Rules, 1939, except rule 8 and such of the provisions of rules 4, 14, 15 and 16 as apply, to or in relation to, passengers and visitors who are not foreigners, shall not apply, to or in relation to, the officials attached to foreign Consulates in India mentioned in the annexed list and their families so long as they hold the posts noted against their names.

(Sd.) H. J. FRAMPTON,

Deputy Secretary to the Government of India.

List

1. Mons. Ibrahim El-Dessouky Imam, Secretary of the Consulate General of Egypt at Bombay.
2. Mons. I. S. Dugin, Acting Consular Attaché de Carrière at the Consulate of France at Calcutta.
3. Mons. Jalal Abdul Majeed, Secretary of the Consulate General for Iraq at Bombay.
4. Dr. D. Bocchetto, Chancellor de Carrière at the Consulate General for Italy at Calcutta.
5. Mons. F. Camilli, Acting Chancellor de Carrière at the Consulate General for Italy at Calcutta.
6. Cav. Uff. E. Benasaglio, Secretary of the Consulate General for Italy at Calcutta.
7. Cav. Silvio Marabelli, Chancellor, Consulate General for Italy at Bombay.
8. Mons. Procolo di Matteo, Secretary of the Consulate General for Italy at Bombay.
9. Mons. Raimondo Stuparich, Consular Agent for Italy at Karachi.
10. Mr. J. Yamamoto, Technical Expert at the Consulate General for Japan at Calcutta.
11. Mr. K. Tachi, Chancellor, Consulate General for Japan at Calcutta.
12. Mr. T. Inui, Chancellor, Consulate General for Japan at Calcutta.
13. Mr. T. Takeuchi, Chancellor, Consulate General for Japan at Calcutta.
14. Mr. M. Hirata, Chancellor, Consulate General for Japan at Calcutta.
15. Mr. K. Utsumi, Chancellor, Consulate General for Japan at Bombay.
16. Dr. T. Lisiecki, Commercial Officer at the Consulate General for Poland at Bombay.
17. Mr. J. Jakimowicz, Commercial Officer at the Consulate General for Poland at Bombay.
18. Mons. P. Ekstrom, Chancellor, Consulate General for Sweden at Calcutta.
19. Mons. Jean Studer, Chancellor, Consulate General for Switzerland at Bombay.
20. Mons. Ernest Wanner, Chancellor, Consulate General for Switzerland at Calcutta.
21. Mr. Don. C. Bliss, attached to the Consulate General for the U. S. A. at Calcutta.
22. Mr. Barry T. Benson, attached to the Consulate General for the U. S. A. at Calcutta.
23. Mr. Hal N. Deaton, attached to the Consulate General for the U. S. A. at Calcutta.

THE HONOURABLE MR. E. CONRAN-SMITH : (Home Secretary) Sir, I lay on the table a copy of the Notification of the Government of India in the Home Department No. F. 21/68/39-Political (W), dated the 7th December, 1939, making certain further amendments in the Declarations published with the Notification of the Government of India in the Home Department, No. 21/32/39-Political, dated the 21st June, 1939.

REGISTRATION OF FOREIGNERS (EXEMPTION) ORDER, 1939

No. 21/68/39-Political (W), dated the 7th December, 1939.—In exercise of the powers conferred by section 6 of the Registration of Foreigners Act, 1939 (XVI of 1939), the Central Government is pleased to make the following further amendment in the Declarations published with the Notification of the Government of India in the Home Department, No. 21/32/39-Political, dated the 21st June, 1939, namely :—

In the said Declarations—

1. In Declaration 4 for the words " or the Federated Malay States " the words " the Federated Malay States, the Persian Gulf, Makran or Saudi Arabia " shall be substituted.
2. For Declaration 4A the following Declaration shall be substituted, namely :—
 " 4A. That the provisions of rule 14 of the Registration of Foreigners Rules, 1939, shall not apply to, or in relation to, any person to whom Declaration 2 or 3 of this Order applies and who is proceeding to, or returning from, the Hedjaz on pilgrimage, when such person is staying at a hotel at a port of departure for, or arrival from, pilgrimage."

(Sd.) H. J. FRAMPTON,

Deputy Secretary to the Government of India.

GOVERNOR GENERAL'S ASSENT TO BILLS

SECRETARY OF THE COUNCIL : Sir, information has been received that His Excellency the Governor General has been pleased to grant his Assent to the following Bills which were passed by the two Chambers of the Indian Legislature during the Simla Session, 1939, namely :—

1. The Indian Census Act, 1939.
2. The Indian Salt (Amendment) Act, 1939.
3. The Code of Civil Procedure (Amendment) Act, 1939.
4. The Indian Tea Cess (Amendment) Act, 1939.
5. The Medical Diplomas Act, 1939.
6. The Indian Tariff (Fourth Amendment) Act, 1939.
7. The Commercial Documents Evidence Act, 1939.
8. The Indian Carriage by Air (Amendment) Act, 1939.
9. The Indian Rubber Control (Amendment) Act, 1939.
10. The Indian Railways (Amendment) Act, 1939.
11. The Repealing and Amending Act, 1939.
12. The Defence of India Act, 1939.
13. The Indian Air Force Volunteer Reserve (Discipline) Act, 1939.
14. The Indian Aircraft (Amendment) Act, 1939.
15. The Panth Piploda Courts (Amendment) Act, 1939.

16. The Indian Oaths (Amendment) Act, 1939.
17. The Motor Vehicles (Amendment) Act, 1939.
18. The Insurance (Second Amendment) Act, 1939.
19. The Workmen's Compensation (Second Amendment) Act, 1939.

BILLS PASSED BY THE LEGISLATIVE ASSEMBLY LAID ON THE TABLE

SECRETARY OF THE COUNCIL : Sir, in pursuance of rule 25 of the Indian Legislative Rules, I lay on the table copies of the following Bills which were passed by the Legislative Assembly at its meetings held on the 12th and 15th February, 1940, namely :—

- A Bill to provide for the registration of certain European British subjects.
- A Bill to provide for the imposition of restrictions on foreigners.
- A Bill to provide for the retention in service of certain persons enrolled for service in the Royal Indian Navy.
- A Bill to extend the operation of the criminal law to offences committed on ships or aircraft registered in British India wherever they may be.
- A Bill to consolidate and amend the law relating to Arbitration.
- A Bill to provide for the registration and more effective protection of Trade Marks.

MESSAGES FROM HIS EXCELLENCY THE GOVERNOR GENERAL

THE HONOURABLE THE PRESIDENT : Honourable Members, I have to deliver to you four Messages from His Excellency the Governor General :

RAILWAY BUDGET

" For the purposes of sub-section (1) of section 67A of the Government of India Act, as set out in the Ninth Schedule to the Government of India Act, 1935, and in pursuance of rule 43 of the Indian Legislative Rules and of Standing Order 70 of the Council of State Standing Orders, I, Victor Alexander John, Marquess of Linlithgow, hereby appoint Friday, the 16th February, 1940, for the presentation to the Council of State, and Friday, the 23rd February, 1940, for the General Discussion in the Council of State, of the statement of the estimated annual expenditure and revenue of the Governor General in Council in respect of Railways.

New Delhi,
The 31st January, 1940.

(Sd.) LINLITHGOW,
Viceroy and Governor General.

GENERAL BUDGET

" For the purposes of sub-section (1) of section 67A of the Government of India Act, as set out in the Ninth Schedule to the Government of India Act, 1935, and in pursuance of rule 43 of the Indian Legislative Rules and of Standing Order 70 of the Council of State Standing Orders, I, Victor Alexander John, Marquess of Linlithgow, hereby appoint Thursday, the 29th February, 1940, at 5-30 p.m., for the presentation to the Council of State, and Wednesday, the 6th March, 1940, for the General Discussion in the Council of State, of the statement of the estimated annual expenditure and revenue of the Governor General in Council in respect of subjects other than Railways.

New Delhi,
The 31st January, 1940.

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

"In pursuance of the provisions of sub-section (3) of section 67A as set out in the Ninth Schedule to the Government of India Act, 1935, I hereby direct that the heads of expenditure specified in that sub-section, other than those specified in clause (v) thereof, shall be open to discussion by the Council of State when the budget for the year 1940-41 is under consideration.

(Sd.) LINLITHGOW,

Viceroy and Governor General."

New Delhi,

The 25th January, 1940.

PANEL OF CHAIRMEN

"In pursuance of the provisions of sub-section (2) of section 63A of the Government of India Act, as set out in the Ninth Schedule to the Government of India Act, 1935, I, Victor Alexander John, Marquess of Linlithgow, hereby nominate the following Members of the Council of State to be on the Panel of Chairmen of the said Council of State:—

In the first place, the Honourable Rai Bahadur Lala Ram Saran Das ; in the second place, the Honourable Sir David Devadoss ; in the third place, the Honourable Sir Ramunni Menon ; and lastly the Honourable Mr. Hossain Imam.

(Sd.) LINLITHGOW,

Viceroy and Governor General."

New Delhi,

The 8th February, 1940.

COMMITTEE ON PETITIONS

THE HONOURABLE THE PRESIDENT : Under Standing Order 76 of the Council of State Standing Orders, I am required at the commencement of each session to constitute a Committee on Petitions consisting of a Chairman and four members. The following members have at my request kindly consented to preside over and serve on the Committee. I accordingly have much pleasure in nominating as Chairman of the Committee the Honourable Raja Charanjit Singh and as members, the Honourable Sir A. P. Patro, the Honourable Sir Ramunni Menon, the Honourable Mr. R. H. Parker and the Honourable Mr. P. N. Saprú.

PRESENTATION OF THE RAILWAY BUDGET FOR 1940-41

THE HONOURABLE THE PRESIDENT : I wanted to make a reference to our late colleague Dr. Sir Nasarvanji Choksy, but as the Railway Budget must be presented in both Houses at one and the same time I shall defer this matter till the next sitting.

I shall now call upon Sir Guthrie Russell to present the Railway Budget (Part I).

THE HONOURABLE SIR GUTHRIE RUSSELL (Chief Commissioner for Railways) : Sir, I have the honour to present the statement of estimated revenue and expenditure of the Governor General in Council in respect of Indian Railways for the year 1940-41. I shall first deal very shortly with the results of 1938-39 ; these are already generally known to Honourable Members. Last February in presenting the revised estimate for 1938-39 I anticipated that we would end the year with a surplus of Rs. 205 lakhs. In the result the surplus only amounted to Rs. 137 lakhs, or Rs. 68 lakhs in defect of our estimate, again showing, as I have pointed out on several occasions, how difficult it is to forecast what may happen in the closing weeks of any year, no matter how careful one may be in estimating. The deficit was mainly due to two causes : we over-estimated our earnings by Rs. 17 lakhs and we under-estimated our working expenses by Rs. 49 lakhs. In addition

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to these two main causes there was a slight addition to the interest charges amounting to about Rs. 2 lakhs, making a total deficit of Rs. 68 lakhs, as already stated. Our earnings were Rs. 94.48 crores, an excess of only .24 per cent. on our original budget and a defect of .18 per cent. on our revised estimate. The main cause of the increase in working expenses was greater consumption and stocking of coal and more extensive repairs to rolling stock and machinery. The surplus of Rs. 137 lakhs was paid to General Revenues. As the House is aware, under the original Convention relating to the separation of railway from general finance, this surplus, but for the moratorium whereby with the approval of the Legislature railway revenues have been relieved for the present of the liability to repay the loans taken from the Depreciation Fund during the deficit years, would have been placed towards the redemption of the debt to the Depreciation Fund. The actual balance in the Depreciation Fund at the end of this year stood at a little less than Rs. 24½ crores. The nominal balance, including the temporary loans taken from the Depreciation Fund during deficit years, was a little over Rs. 55 crores.

2. When we prepared the budget for 1939-40, though the international situation was by no means free from danger, there was still hope that a world war would be avoided and we framed our budget in this hope. Events have proved us wrong, and today we are in the turmoil of another great war which has entirely upset our calculations. Our revised estimate has had to be based on five months of an uneasy peace and five months of war. Unhappily in the light of present events we feel that, in budgeting for next year, we can proceed only on the assumption that war conditions will continue throughout it. If the Council will bear with me, I should like at this point to indicate briefly what these conditions mean on railways. Though it is a platitude that history repeats itself, I was greatly impressed recently, while perusing our Administration Report for 1915-16, by the striking similarity between the position in the early period of the last war and that existing today. For my present purpose I cannot do better than quote an extract from that report. It reads as follows :—

“ The principal feature of the year as affecting traffic operation has been the transfer from sea to rail routes of the large quantities of coal from the Bihar and Orissa and Bengal coalfields and other commodities which were formerly carried by coastwise steamers between the ports of Calcutta and Madras, Bombay and Karachi.

Soon after the outbreak of War the difficulty of obtaining shipping began to manifest itself, and during the earlier part of the year under review it gradually increased until shipping became unobtainable for coastwise trade, so that during the second half of the year, that is, from October 15, the whole of the traffic had to be carried by railways.

At the same time a fodder famine prevailed over the greater part of Rajputana and the south-east part of the Punjab, rendering it necessary to bring in from the surrounding areas large quantities of fodder for the public at low rates and making a particularly heavy demand on rolling-stock as most of the fodder is unpressed. Though the famine area is served for the most part by metre gauge railways, the congestion experienced over the metre gauge lines reacted on the neighbouring broad gauge railways over which supplies had to be brought in. The additional volume of traffic thus thrown upon the railways is known to have been very much

greater than figures of coastwise coal trade for 1913 would suggest, the reason being that large quantities of coal had to be transported to Bombay on account of Naval and Military requirements, while during the cold weather season demands for railways, factories and other commercial purposes were also unduly large."

This, Sir, is a very fair picture of what has already happened in India, with this war less than six months old, even down to the famine, though I do not attribute the latter to the war! Admittedly, the shipping position, although it has already affected the capacity of railways, is not yet as serious as depicted; but, as the war goes on, more and more traffic is likely to be thrown on railways and one of the problems ahead of us is to ensure that railways will be in a position to carry this additional traffic. I may say here that it has been estimated that the railways could, with their existing capacity, if the necessity arises, absorb all the coastwise traffic, except coal. If coal has also to be thrown on railways, it will mean an increase of 20 per cent. in ton mileage and very serious restrictions on other traffic. This, as it happens, is a figure very closely allied to the actual results in 1916.

3. From this digression, Sir, I return to the consideration of our revised estimate for 1939-40. In the original budget we provided for an addition of only Rs. 10 lakhs to our gross earnings over our revised estimate for the year 1938-39. During the early months of the year it looked as though we might fall short of even this modest expectation, but shortly before the outbreak of war, our earnings went up considerably and there is a reasonable prospect that this improvement will be maintained. We have also made certain decisions with which I shall deal when I come to the budget for 1940-41, which will affect our earnings for the current financial year and give us an increase of approximately Rs. 30 lakhs. Taking these factors into account, we now place our revised estimate at Rs. 97·30 crores against our budget estimate of Rs. 94·75 crores. As is to be expected with the rise in traffic, our ordinary working expenses have increased, but here another factor has also come into play, namely, an increase on account of the war in the cost of nearly all stores and materials necessary for the maintenance of railways. We now place our revised estimate of working expenses at Rs. 65·35 crores, which exceeds the expenditure of last year by about 1½ crores and our budget estimate by about Rs. 1 crore. In the result, our net traffic receipts, after meeting working expenses and paying our full contribution to the Depreciation Fund, are expected to be Rs. 1½ crores more than last year. Miscellaneous transactions are expected to show a betterment of about Rs. ½ crore, and interest charges will be about Rs. ½ crore less than last year. The surplus of all State-owned Railways is thus estimated to be about Rs. 2½ crores greater than last year, viz., Rs. 3·61 crores against Rs. 1·37 crores last year. This surplus, under the existing arrangements, will be paid as a contribution to general revenues. Despite the improvement over the past few years, this sum falls short by Rs. 90 lakhs of our liability to General Revenues under the Convention. The contribution to the Depreciation Fund will be a little over Rs. 12½ crores, while the expenditure against the fund is estimated at Rs. 7 crores; the actual balance in the fund at the end of the year will thus be increased to about Rs. 30½ crores.

4. Before I go on to the budget estimate for next year, I propose to give the Council some brief details of how we are meeting, and propose to meet, the problems before us, created by the present international situation, and to describe some of our activities during the past year and in prospect. During 1938-39, the capacities of certain railways, especially the East Indian, were

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severely taxed in the busy months of the cold weather. The main reasons for this were shortage of line capacity on certain divisions, shortage of power and shortage of wagons. The Government of India have sanctioned the expenditure of approximately a quarter of a crore to improve line capacity in the Moradabad Division of the East Indian Railway, and further proposals are under consideration which have the same object in view, e.g., the construction of a third line between Ondal and Burdwan. Coal traffic to the west of India was diverted, from its normal route by Agra East Bank, over the Bengal Nagpur and Great Indian Peninsula Railways *via* Katni. Empties from the North Western Railway were also diverted over the Great Indian Peninsula Railway and the Bengal Nagpur Railway. Additional heavy type goods locomotives are under order and, meanwhile, Railways with suitable spare locomotives have temporarily transferred these to the East Indian Railway. As regards broad gauge wagons we have purchased about 12,200 during the past five years. These have been mainly on renewal account but our carrying capacity has been considerably increased. In addition to this 1,751 are due for delivery in 1940-41. The position this year has been even more acute owing to the war which, so far as our railways are concerned, has involved *inter alia* the diversion of coal traffic from the rail-cum-sea route to the all-rail route, and an increased demand for transport facilities attributable to greater industrial activity and also to a certain extent to speculative buying. Despite the efforts which had already been made to alleviate the situation, it soon became evident that a stricter regulation of the supply of wagons was essential if Railways were to meet the demands placed upon them and to ensure that the available goods stock was utilized to the maximum possible extent. With these objects in view the Government of India have appointed Rai Bahadur N. C. Ghosh as Transport Advisory Officer to assist the two railways principally concerned with coal traffic—the East Indian and Bengal Nagpur Railways—in dealing with demands for wagons. The duty of the Transport Advisory Officer is to keep under constant examination the movements of wagons—and particularly wagons of coal—with a view to ensure that wagons are put to the fullest possible use. He scrutinises indentations for wagons with a view to ensuring that wagons are not supplied for consumers on the priority list maintained by the Coal Wagon Supply Committee in excess of their actual needs and that as large a supply as possible is made available for other consumers. From the reports already received it would appear that the Transport Advisory Officer has already considerably helped the situation, but to secure that the most effective use is made of the available wagons the co-operation of consumers and the coal trade is most important. Government trust that this will be forthcoming.

5. The Railway Board have also, at the instance of the Indian Railway Conference Association, appointed a Committee to go into the question of the better utilization of railway wagons. This Committee, under the Chairmanship of Mr. B. Moody, Chief Operating Superintendent of the North Western Railway, is touring various Railway systems. So far, their report has not been received, but the Railway Board have every hope that, as a result of their investigations, it will be possible to make, normally available for traffic, a considerable number of additional wagons. The main function of the Committee is to see if the turn-round of wagons can be improved. By "turn-round" is meant the time employed from the despatch of a wagon under load to its being ready for another load, and is one of the most important features of railway operation. The shorter the turn-round, the greater the number of wagons available.

6. The older members of this Council may remember that the broad gauge wagon pool was introduced to meet conditions arising out of the last war when the demand for fit wagons exceeded the supply, and it became imperative to make the best possible use of all wagons by removing the then existing restrictions in their use and eliminating unnecessary and wasteful empty haulage. It may be useful briefly to describe what is meant by the expression "Wagon Pool". Each railway owns a number of wagons, the initials of the parent railway being clearly marked on each wagon; a wagon loaded by the owning or parent railway and sent to another railway had, prior to the introduction of the wagon pool, to be returned within a prescribed period to the owning railway, loaded if a load offered, but empty if it did not. It followed that a very considerable amount of empty haulage by returning wagons to parent lines was incurred. Under the Wagon Pool scheme, broadly speaking, a wagon loses its identity and becomes, for the time being, the general property of all railways. It may be used indiscriminately and need only be returned to its parent railway when due for overhaul, the period between overhauls being usually 3 years. The Wagon Pool is normally administered by the Indian Railway Conference Association, the General Secretary of that Association assuming the duties of the Director of Wagon Interchange under the rules framed by the Association. The Wagon Pool extends to all broad gauge railways, and since its introduction, has rendered more and more assistance to Railways in their efforts to ensure efficient operation, and now covers the movement of almost a lakh and a half of wagons. In normal times the powers of the Director of Wagon Interchange, though fairly wide, are subject to certain limits and are circumscribed by the Conference regulations. The Government of India have decided that, in the best interests of national transport *vis-à-vis* those of individual railways, the powers of the Director should be enhanced, giving him greater discretion in the matter of the distribution of wagons between railways, that his orders should be mandatory and that for the duration of the war or until a subsequent decision to the contrary, the Director of Wagon Interchange should derive his authority from, and be subject to, the control of the Railway Board instead of the Indian Railway Conference Association. In view of the success achieved by the broad gauge wagon pool, Government decided to introduce a similar pool for metre gauge railways. This comprises 17 railways of the Northern group and commenced to function from 15th November, 1939. The Southern group does not at present require a pooling arrangement. The direction of the metre gauge pool has been placed in the hands of the Director of Wagon Interchange under the orders of the Railway Board. This involves the control of approximately 50,000 wagons. From the reports which have been received from the Director of Wagon Interchange, I believe that the new arrangements are working smoothly and satisfactorily.

7. There is one other matter which I particularly wish to bring to the notice of the Council before I disclose our budgetary proposals for 1940-41; that is, the question of locomotive building in India. As the result of a promise made last year to the Standing Finance Committee for Railways, the Railway Board appointed two officers to examine, and report on, the prospects of building broad gauge locomotives and boilers in India on an economic basis. This report has been received and will be placed in the hands of Honourable Members at the conclusion of today's proceedings. The officers appointed to make this enquiry were Mr. J. Humphries, Deputy Chief Controller of Standards with the Railway Board, and Mr. Kalyan C. Srinivasan. Mr. Humphries is an officer of the Bengal Nagpur Railway with an extensive knowledge of workshop practice, planning and production. Mr. Srinivasan

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was the Finance Officer attached to the Raven Workshops Committee. He has made a special study of workshop accounts. Their report is a very interesting and encouraging document. Their opinion is that there are no technical difficulties in the way of building locomotives in India. This, of course, we were well aware of, as locomotives have already been built at Ajmere and Jamalpur. But what is of greater importance, they conclude that the provision of a workshop for the manufacture of locomotives can be made a sound financial proposition. They estimate that the requirements of Indian Railways for broad gauge locomotives and boilers for a considerable number of years to come will be sufficient, with a *judicious* spreading of orders, to ensure a steady output from a reasonably-sized workshop. This has been our difficulty in the past. We have been unable to foresee a steady output, and it is of little use building a workshop which only works spasmodically. It can never be an economical proposition. This has been our experience with the Tatanagar Underframe Shops. In the early years it will be necessary to import such parts as copper tube plates, boiler tubes, and super-heater elements from abroad, but, largely through our policy of standardization and the enterprise of Indian industrialists, especially Messrs. Tata and Sons, it should be possible to build the major part of a locomotive in India from materials of Indian manufacture. The report is now under the active consideration of Government. The proposals made involve the re-distribution of our locomotive repairs. The feasibility of this is under investigation. All I can say at the moment is that the recommendations will be examined by Government in the most sympathetic spirit, and should they disclose a sound project, steps will promptly be taken for the provision of funds.

8. I now come to the most important part of today's proceedings—our budget estimate for 1940-41. In introducing the budget for 1939-40, I said that, despite wars and rumours of war, we had decided to assume that traffic would follow much the same lines as in the previous year and that the conditions of that year were likely to continue. This year the war is actually with us and we propose to assume that the conditions of 1940-41 will be much the same as they have been during the past few months, and our budget is based on this assumption. In other words, we expect that our traffic, after making certain allowances which I shall explain later, will be at about the same level as during the current financial year. Unfortunately, with the increase in traffic, there will also be an increase in working expenses, partly due to increased traffic but mainly due to the increased cost of stores and material, both imported and indigenous. This increase is almost certain to be progressive, and allowance must be made for it. Our policy is to avoid any deterioration in war time in our standards of maintenance. It is also necessary to look ahead and, if possible, make some provision for the inevitable slump that follows a great war. Taking these factors into consideration, Government have decided, with effect from 1st March of this year, to increase existing rates and fares as follows :—

- Two annas in the rupee on the total freight, including terminals and other such charges, on all consignments of goods traffic, excluding coal, coke, patent fuel, military traffic, railway materials and stores on revenue account, food grains, fodder and manures ;
- Two annas in the rupee on the total freight of each consignment of coaching traffic other than passenger ;
- One anna per rupee of fare for all passenger traffic except for fares not exceeding one rupee ;

The existing surcharge on coal, coke and patent fuel to be increased from 12½ per cent. with a maximum of Re. 1 per ton to 15 per cent. without a maximum—the rates prevailing in April 1935.

Owing to certain rating complications, it has not been found feasible to impose additions to freights on jute and tea traffic on the Eastern Bengal and Assam Bengal Railways with effect from 1st March, 1940. As soon, however, as the problems connected with these commodities are settled—(this should be within the next few months)—the additions to freight will be imposed. The delay is not of great financial importance as the bulk of the present season's crops has already been moved.

9. I have already explained to Honourable Members the difficulties we have had last year and this year in meeting all the traffic offering during the busy season. The great difficulty in India is that most of our traffic is seasonal and this causes a very uneven distribution. At certain periods of the year, we have no spare wagons whatsoever; at other periods we have a very large number out of use. A very large proportion of the traffic is concentrated between the months of November and March. Last year the Railway Board embarked on a campaign, with the assistance of the coal trade, to encourage consumers of coal to build up their stocks during the slack season and so reduce wagon requirements for coal in the busy season. This campaign has met with a measure of success but not sufficient to ensure an ample supply of wagons for other traffic offering during the winter months. If the situation develops as it did in the last war, a shortage of transport capacity may be a very serious matter, and Government feel that they have a right to ask that all consumers of coal should help by building up stocks in the slack season and, for this reason, have decided only to make the minor increase of coal freight, which I have already announced, for the slack season, but propose to increase the surcharge to 20 per cent. from 1st November, 1940 till 31st March, 1941. Even this additional surcharge is less than the increase to be imposed on other existing rates. It is only 6½ per cent. of the existing scale of rates, but Government recognise that coal is essential for the development of the industry and the well-being of the country.

10. As Honourable Members acquainted with commercial conditions will appreciate, the enhancement in most cases is insignificant, especially when compared with the increase that has already occurred in the price of some important commodities. I may illustrate this by quoting from the East Indian Railway the estimated increase in freight of a few commodities :—

General merchandise	9 pies per maund.
Salt	8 " "
Sugar	8 " "
Light merchandise	9 " "
Fruit and vegetables	2 " "
Iron and steel wrought	15 " "
Petrol	4 pies per gallon.
Kerosene oil	3 " "

As regards passenger fares, with the increase proposed, the cost of third class travel will be unaffected up to about 50 miles.

11. Having explained the assumptions and policy on which we have framed our budget, I now proceed to give in some detail the estimated results. I have already said that we anticipate during the current financial year gross earnings of 97·30 crores. If the improvement of traffic is maintained, as we expect, this will give us another ½th of a crore at current rates. From this

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has to be deducted the earnings of the extra day in 1939-40, which we take at 25 lakhs. We thus arrive at earnings of 97·80 crores. We anticipate that the additions we propose to rates and fares will give us an additional 5½ crores over the current financial year in which the new rates will be in operation for only one month against twelve months in 1940-41. I may say, if it is found that the increase in freights is having a serious effect on the free movement of any particular class of traffic, it may be necessary to reduce the basic rates for the particular commodities concerned to meet the situation. Allowance has been made for this in our calculations. In the result we place our budget estimate of gross earnings at Rs. 103 crores.

12. We expect that our working expenses will be Rs. 1·29 crores higher than in the current year. There will be an increase of Rs. 7 lakhs in the appropriation to the depreciation fund owing to the increase in the capital at charge and an increase of Rs. 1·22 crores in ordinary working expenses. This is mainly due to the estimated increased cost of material which we place at Rs. 92 lakhs. Further, with a view to the avoidance of over-capitalisation, Government have decided, with the approval of the Standing Finance Committee for Railways and the Public Accounts Committee, that for State-managed railways the Rs. 2,000 limit for new minor works should be raised to Rs. 10,000. This means that all such works between Rs. 2,001 and Rs. 10,000 will now be charged to revenue instead of to capital as previously. This will mean an additional debit of Rs. 30 lakhs to working expenses. Government have also decided to set aside a lump sum of Rs. 12 lakhs for certain measures for the benefit of the staff which have been under the consideration of the Government of India but which have had to be postponed for financial reasons. A sum of Rs. 5 lakhs has also been provided for the introduction of the Hours of Employment Regulations on certain company managed railways. The expenditure on coal and freight is expected to rise by about Rs. 15 lakhs owing to an anticipated rise in the price of coal and consumption. These additions and other minor ones will be set off to a small extent by certain anticipated savings, the main one of which is the closing down of the Chola Power House on the Great Indian Peninsula Railway. Miscellaneous receipts are expected to exceed those of this year by Rs. 17 lakhs. We also expect a reduction in interest charges of Rs. 10 lakhs on account of the fall in the interest rate from 4·54 per cent. to 4·45 per cent. If our anticipations are correct, the final result should be a net revenue of Rs. 37·11 crores which, after deducting the interest charges of Rs. 28·82 crores, should give a surplus of Rs. 8·29 crores. This surplus will be divided as follows :—

Rs. 4 crores 41 lakhs—our contribution to general revenues for 1940-41.

Rs. 90 lakhs—payment of the deficit in our contribution for 1939-40.

Rs. 2 crores 98 lakhs—payment into railway reserve.

13. The figures I have given include both commercial and strategic lines. The anticipated loss on strategic lines is Rs. 1·83 crores. The net revenue for commercial lines only is Rs. 37·65 crores, or a net return of 5·2 per cent., which compares very favourably with the results of railway working in other countries of the world.

14. Before I close, I have to make a brief reference to our new works programme for 1939-40 and 1940-41. For 1939-40, we place our total expenditure at Rs. 11½ crores, of which 4½ crores will be charged to capital and the balance to the depreciation fund. This programme includes the construction of the Khadro-Nawabshah railway and the Sind Right Bank Feeders

railways, both projects in Sind. The former has been opened to traffic and the latter is nearing completion. A provision of Rs. 92 lakhs has also been made for the purchase of the South Bihar Railway.

For 1940-41, our programme of expenditure on capital and depreciation fund account is estimated at Rs. 13½ crores, of which Rs. 60 lakhs is for an increase in the stores balances of railways, which is necessitated by the present situation. Provision has also been made for the completion of the Khadro-Nawabshah line and the Sind Right Rank Feeders railways and the purchase of the Hardwar-Dehra Dun Railway, at present owned by a private company, for Rs. 43½ lakhs. The sum allotted for open line works is distributed as follows :—

	Crores.
Track Renewals	5½
Bridges	2½
Other structural works	2½
Rolling stock	5

The last item includes 248 lakhs for locomotives and boilers, 126 lakhs for coaching stock and 119 lakhs for wagons.

15. It is my privilege each year in presenting the Railway Budget to take the opportunity of commending to the Council the loyalty and devotion of all grades of railwaymen from the highest to the lowest. With these I couple the names of my colleagues and other officers and staff on the Railway Board. Each year Railways are presented with different problems and means have to be devised to meet each of these. One year there may be a sudden increase of traffic: another year the effects of a worldwide depression on our traffic may have to be dealt with. Today we are in the midst of a world war and there are difficult times ahead; but I have no doubt that our officers and staff will adjust themselves to these and continue to give the same loyal and efficient service as they have done in the past. Railways have already been called on to help in India's war effort, and already 20 of our officers are serving in posts which have a direct connection with the prosecution of the war. There will be further calls on Railways. This will entail further responsibilities and greater burdens for those who are left behind. I, personally, have no doubt that our railwaymen can carry these additional burdens. (Applause.)

THE HONOURABLE THE PRESIDENT: The Council will now adjourn till Thursday, the 22nd instant, at half past two, when the four Bills that were laid on the table today will be discussed. I shall also allow Honourable Members to speak, if they so desire, on the reference to be made to the late Sir Nasarvanji Choksy.

The Council then adjourned till Half Past Two of the Clock on Thursday, the 22nd February, 1940.
