

16th February 1940

THE

LEGISLATIVE ASSEMBLY DEBATES

Official Report

Volume I, 1940

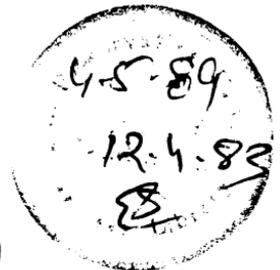
(6th February to 5th March, 1940)

ELEVENTH SESSION

OF THE

FIFTH LEGISLATIVE ASSEMBLY,

1940



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M2LAD

Legislative Assembly.

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

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SYED GHULAM BHIK NAIRANG, M.L.A.

MR. N. M. JOSHI, M.L.A.

SIR ABDUL HALIM GHUZHNAVY, M.L.A.

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LEGISLATIVE ASSEMBLY.

Friday, 16th February, 1940.

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

STARRED QUESTIONS AND ANSWERS.

(a) ORAL ANSWERS.

ABSENCE OF SIKHS IN THE OFFICE OF THE IMPERIAL RECORD DEPARTMENT.

110. *Sardar Sant Singh: (a) Will the Secretary for Education, Health and Lands be pleased to state the existing permanent strength of the office of the Imperial Record Department? How many of these posts are held by Hindus, Muslims, Sikhs and members of other minority communities, respectively?

(b) Is it a fact that no Sikh has been employed in that office ever since its creation, about 40 years ago?

(c) Is it a fact that, in spite of the total absence of a Sikh and the inadequate representation of the minority communities other than Muslims, only Hindu and Muslim candidates have been selected to fill up future vacancies?

(d) If so, what steps do Government propose to take to remove this grievance of the Sikh community?

Sir Girja Shankar Bajpai: (a) The existing permanent strength of the Office of the Imperial Record Department is 29 of whom 21 are Hindus, seven Muslims and one Anglo-Indian.

(b) and (c). No.

(d) The Honourable Member probably does not realise that this office was transferred to Delhi only in 1937 and that, while it was located in Calcutta, there was not much inducement for people from Western Provinces to seek employment in it. Government propose to consider the claims of Sikhs to future vacancies in accordance with the declared policy regarding the representation of minorities in appointments under their control.

Mr. Lalchand Navalrai: May I ask if the Sikhs of the Punjab deserve any special consideration?

Sir Girja Shankar Bajpai: Such consideration as they deserved was given to them by Government when the Communiqué of 1934 was promulgated.

Dr. Sir Ziauddin Ahmad: Is it not a fact that the Sikhs are given special consideration in the construction of buildings in New Delhi and also in war services?

Sir Girja Shankar Bajpai: I do not think that comes in the category of Government service.

Sardar Sant Singh: May I ask if there was any recruitment since 1937 in this office?

Sir Girja Shankar Bajpai: Yes, Sir. I gather that something like 34 temporary vacancies have occurred and been filled since 1937, and of these four have gone to Sikhs.

DIFFICULTIES OF INDIANS IN SOUTH AFRICA.

111. *Mr. Lalchand Navarai: Will the Secretary for Education, Health and Lands be pleased to state if the difficulties to the Indians urged by the Indians in South Africa for which they passed resolutions have been removed? Will the Honourable Member make a full statement on this subject and state if the South African Government have given any reforms to the Indians there? If so, which?

Sir Girja Shankar Bajpai: If the Honourable Member will kindly specify the resolutions or the difficulties which he has in mind, I shall endeavour to furnish him with an answer.

Mr. Lalchand Navarai: Is the Honourable Member aware that these difficulties have been debated many times in this House with regard to education, the getting of land on the hills and so many other difficulties about which the Honourable Member knows more than I do. It is with regard to them that I have sent this question.

Sir Girja Shankar Bajpai: If they were debated many times in the House, the answer was also given many times in the House.

Mr. Lalchand Navarai: I want to know now and I have put a specific question. They have passed resolutions

Mr. President (The Honourable Sir Abdur Rahim): We cannot have a debate now.

Mr. Lalchand Navarai: Has the Honourable Member received any resolutions?

Sir Girja Shankar Bajpai: I have received no resolutions recently.

Mr. Lalchand Navarai: When did the Honourable Member get them?

Sir Girja Shankar Bajpai: I will have to have notice of that.

RISE IN THE PRICE OF PETROL.

112. *Sardar Sant Singh: (a) Will the Honourable the Commerce Member please state whether it is proposed to control the price of petrol in India? If so, when and on what basis?

(b) Is it a fact that the price of petrol has been considerably raised during the past four months?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: (a) Formal control is not contemplated, but the oil companies have decided upon their price policy in consultation with the Government.

(b) Yes.

Sardar Sant Singh: May I know if there is a combine of all the petrol dealers in India to fix up the prices and what control do the Government possess to wind up this combination?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: There is an understanding between the several Companies but, as I have already stated, the price has been fixed in consultation with the Government.

Dr. Sir Ziauddin Ahmad: May I ask whether the Government have taken the responsibility on themselves for the prices which the consumers pay for petrol?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: I do not know about that, but the price which is charged by the companies at the main installation port is fixed in consultation with the Government and to that extent Government are responsible.

Dr. Sir Ziauddin Ahmad: Will the Government ask all the petrol dealers to indicate on their notice boards the amount which they have to pay for each gallon of petrol to the Government for revenue, sale tax and various other items, so that the public may know definitely for themselves how much goes to the companies?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: I understand that so far as the sub-agents of oil companies are concerned, a tariff is put on the notice board at the agency station. So far as the retail dealers are concerned, that is a matter which Provincial Governments have to arrange.

Dr. Sir Ziauddin Ahmad: When the Government gave their consent to the prices of the petrol which the companies are now charging, may I ask what percentage of profit did they allow to the companies for the sale of petrol?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: That is impossible to disclose, but the Government have satisfied themselves that the prices now charged are reasonable prices.

Dr. Sir Ziauddin Ahmad: And the profits are also reasonable?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: If the Honourable Member is referring to any increase in petrol prices that have occurred, I may explain the basis on which the Government came to the conclusion that the price now charged should be charged. The Honourable Member will realise that a good portion of the oil is imported from abroad, from countries which are on the dollar exchange, and owing to the rise of the dollar exchange, the price in terms of rupees of that imported quantity has gone up. It was a choice between doing without that supply,

which was very considerable and therefore causing considerable inconvenience to this country, or giving them the price on the basis of the dollar exchange. That has been taken into consideration in fixing the prices now.

Dr. Sir Ziauddin Ahmad: That is not a reply to my question. What I want to know is

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member cannot have a debate. Next question.

QUOTA FIXED FOR PILGRIMS TO HEDJAZ.

113. *Dr. Sir Ziauddin Ahmad: (a) Will the Education Secretary please state if it is a fact that the Government of India fixed the quota of the pilgrims to Hedjaz booked by the Scindia and Turner Morrison Companies?

(b) What was the quota fixed for each company?

(c) What were the grounds for such fixation?

Sir Girja Shankar Bajpai: (a), (b) and (c). The attention of the Honourable Member is invited to the communiqué, dated the 9th November, 1939, a copy of which I place on the table of the House now. As the shipping companies were unable to arrive at an agreement as to the proportion of traffic to be carried by each, Government decided that, if both the companies participated in the trade during the current season, the Mogul Line would carry, on the basis of pilgrim capacity, 75 per cent., and the Haj Line 25 per cent. As the Scindia Company did not participate in the trade, there was no actual allocation of traffic between the two companies.

GOVERNMENT OF INDIA.

COMMUNIQUE

New Delhi, November 9, 1939.

In a communication to the Press the Scindia Steam Navigation Company, Limited, have announced that, in view of the Government of India's decision on the allotment of pilgrim passenger traffic during the present season between the Haj Line and the Mogul Line, they have decided to suspend their sailings to the Hedjaz during the present season. The Government of India desire to make public the facts which influenced the decision taken by them. At the outbreak of war it seemed doubtful whether any ships would be available for pilgrim traffic at all. The Government of India could not, however, accept such a position and succeeded in making special arrangements for a limited number of ships to be available. It became clear, however, that regulation of pilgrim ship sailings was essential not only to ensure the most economical use possible of the shipping available but also to ensure that sufficient ships should be available to carry all those desiring to make the pilgrimage. The Government of India, therefore, decided to intervene and consulted the two shipping companies engaged in the trade both on the share of the allotment of traffic between the companies and on the rates to be charged. The Scindia Steam Navigation Company advanced the claim for a fifty per cent. share of the traffic but were prepared to agree to alternate sailings. They also proposed an increase in rates of 25 per cent. above last year's maximum rates. The Mogul Line, while not admitting the claim of the Scindia Company to any fixed share of the traffic, agreed that Government should make an allocation. They also expressed their willingness to carry pilgrims with no increase above the maximum rates fixed last year. The Government of India made it clear that any

decision they might make this year would have no effect upon the conflicting claims of the companies in peace time. The main consideration which induced them to intervene being the imperative necessity for the utmost economy in the use of shipping space they decided that the obvious basis for allocation of the traffic between the two competing companies was the carrying capacity of the ships belonging to each which have in recent years been engaged in the pilgrim trade. They recognised that there would be difficulty in adhering to the exact ratio between the two fleets when arranging sailings and the allocation which they decided on, namely, 75 per cent. to the Mogul Line and 25 per cent. to the Haj Line, was the nearest convenient ratio. It was in fact slightly more favourable to the Scindia Steam Navigation Company than an allotment based strictly on carrying capacity. The Government of India were also unable to agree to the Scindia Steam Navigation Company's proposals involving an increase in fares to Rs. 215 return from Karachi, when the Mogul Line were prepared and able to carry all pilgrims at the maximum fares of last season, that is, Rs. 167 return from Karachi. The Mogul Line accepted the Government of India's decision. The Scindia Company were unwilling to do so and have suspended their pilgrim sailings for this season.

For the reason which compelled the Government of India to regulate the traffic this year, namely the shortage of shipping for the maintenance of vital transport facilities, they have also been compelled to suspend sailings from Calcutta for this season. The Haj season coincides with the peak period of railway goods traffic. Normally shipping is available to afford the necessary relief but in present circumstances the Government of India cannot contemplate the uneconomical use of space which the extended voyage from Calcutta would necessitate.

Mr. Lalchand Navalrai: May I ask whether the Scindia Company has been carrying passengers for the Haj now or not?

Sir Girja Shankar Bajpai: I have already said they did not participate in the trade, from which it follows that they did not book passages this year.

Dr. Sir Ziauddin Ahmad: Did the Scindia Company give the Government of India the reason for their withdrawal from this trade?

Sir Girja Shankar Bajpai: They were not satisfied with the proposed allocation.

PROPOSAL TO CLOSE THE CALCUTTA PORT FOR HAJ PILGRIMS.

114. ***Dr. Sir Ziauddin Ahmad:** (a) Will the Education Secretary please state whether Government are contemplating to close the port of Calcutta for Haj pilgrims which has been continuously pressed by the Turner Morrison Company?

(b) Is it not a fact that Turner Morrison Company refused to take Bengal pilgrims from Calcutta under the excuse that they were exporting rice which according to their statement was badly needed?

(c) Did Government read the notification of the Government of Hedjaz that they were not short of food supplies, and the import of food was not an emergent problem?

Sir Girja Shankar Bajpai: (a) No. The attention of the Honourable Member is invited to the press communiqués, dated the 9th November, 1939, and 9th December, 1939, in which it was announced that Government had been compelled to suspend sailings of pilgrim ships from Calcutta during the current pilgrimage season owing to the necessity for

the most economical use of the shipping available but that the possibility of arranging for sailings from Calcutta during the next season would be examined in the light of the position then obtaining.

(b) No. The Honourable Member is presumably referring to the S.S. "Rahmani" which sailed from Calcutta for Jeddah with a cargo of rice about the 15th December, 1939. The Government of India decided that, in the interests of pilgrims going to the Hedjaz, it was undesirable to interfere with the shipment of rice ordered by importers in Jeddah for supply to pilgrims and that the shipping company should not be asked to take pilgrims on the ship.

(c) After the Government's decision had been taken, certain statements purporting to come from Jeddah, appeared in the press to the effect that there were ample food stocks in the Hedjaz but Government are not aware of any notification issued by the Saudi-Arabian Government on the subject.

Dr. Sir Ziauddin Ahmad: May I know, Sir, whether the prohibition of taking passengers by S.S. "Rahmani" was made by the Government of India or by the shipping company?

Sir Girja Shankar Bajpai: No, Sir; the Government explored in consultation with the shipping company the possibility of using the "Rahmani" for carrying pilgrims, and then it was brought to their notice that pilgrims could only be taken on the ship if the cargo were discarded, Government felt that it would not be in the best interests of a great majority of the pilgrims going for Haj to interfere with the shipment of rice.

Dr. Sir Ziauddin Ahmad: Is it not a fact, Sir, that the shipping company was willing to take passengers if permitted by the Government of India.

Sir Girja Shankar Bajpai: No, Sir, that is not a fact.

Seth Haji Sir Abdoola Haroon: Is it not a fact that the company made arrangements in Calcutta to bring the Bengali Hajis by a special train and gave them all sorts of facilities to travel by special train from Calcutta to Bombay?

Sir Girja Shankar Bajpai: That is so. When it was decided that the ship would not sail direct from Calcutta, the facilities to which my friend has referred were offered to the pilgrims in order to mitigate the loss of direct transport facilities.

Dr. Sir Ziauddin Ahmad: May I know who paid for the expenses of this special train? Did the company pay the expenses or the passengers?

Sir Girja Shankar Bajpai: The pilgrims paid only the ordinary fare. I do not know whether any additional amount had to be paid for the special train

OPENING OF A DEGREE COLLEGE IN BALUCHISTAN.

115. ***Dr. Sir Ziauddin Ahmad:** (a) Will the Education Secretary please state whether Government are contemplating to open a Degree College in Baluchistan?

(b) Have they provided any sum for this purpose in the budget of 1940-41?

Sir Girja Shankar Bajpai: (a) No. Government, however, propose to establish at Quetta a higher secondary school which will include intermediate classes.

(b) Government propose to provide Rs. 75,000 in 1940-41 as the first instalment towards the cost of the construction of the building of the higher secondary school.

Mr. Lalchand Navaizai: May I know, Sir, in view of the fact that Baluchistan has made great progress, whether Government still consider it to be so backward as not to give them a college?

Sir Girja Shankar Bajpai: I have not said that we are not giving them a college.

Mr. Lalchand Navaizai: Why is it that a college is not given to them?

Sir Girja Shankar Bajpai: Because the degree of progress made by Baluchistan justifies only an intermediate college.

PROSECUTIONS UNDER THE DEFENCE OF INDIA ORDINANCE AND ACT.

116. ***Sardar Sant Singh:** Will the Honourable the Leader of the House be pleased to state the number of prosecutions started under the Defence of India Ordinance and the Act in the various Provinces of India and the result of each prosecution?

The Honourable Sir Muhammad Zafrullah Khan: A statement showing the number of prosecutions instituted by the Central Government or its officers and in the Chief Commissioners' Provinces and their result is laid on the table.

The Government of India have no information as regards prosecutions by, or on behalf of, Provincial Governments.

Statement showing the number of prosecutions instituted by the Central Government or its officers and in the Chief Commissioners' Provinces and their result.

Controller of Enemy Trading who is subordinate to Commerce Department.	One prosecution, which is <i>sub judice</i> .
Chief Commissioner, Ajmer-Merwara.	One prosecution, which is <i>sub judice</i> .
Chief Commissioner, Baluchistan.	One prosecution, which is <i>sub judice</i> .
Chief Commissioner, Delhi.	Seven prosecutions. Three have resulted in conviction, one in acquittal, and two are <i>sub judice</i> . The accused in the seventh case is absconding.

Sardar Sant Singh: May I know, Sir, whether it is not the concern of the Central Government to find out what steps the Provincial Governments are taking in the matter of administration of the Defence of India Act?

The Honourable Sir Muhammad Zafrullah Khan: That is a very large question. What the answer means is that the administration of the Act, so far as the provinces are concerned, is the concern of the Provincial Governments.

Sardar Sant Singh: I think the Defence of India Act delegated powers to the Provincial Governments, but is it not the concern of the Central Government to find out whether the Defence of India Act is being properly worked by the provinces or not?

The Honourable Sir Muhammad Zafrullah Khan: Nothing has come to the notice of the Government of India to show that this Act has not been properly worked, and in any case it was regarded as a safeguard to invest the provinces with powers.

Sardar Sant Singh: May I know if it is not a fact that the Punjab Government is using the Defence of India Act ruthlessly to put down political workers?

The Honourable Sir Muhammad Zafrullah Khan: I have no reason to think so.

Sardar Sant Singh: Will the Government inquire into the matter?

The Honourable Sir Muhammad Zafrullah Khan: I don't think the Honourable Member has any business to make any allegation of that kind.

Sardar Sant Singh: Is it not the business of this House to find out whether the powers given to Provincial Governments by the Central Legislature are being exercised with due consideration according to the legal provisions of that Statute?

The Honourable Sir Muhammad Zafrullah Khan: Yes, but what I protested against was the kind of allegation that the Honourable Member made.

Sardar Sant Singh: Will the Honourable Member make inquiries into the truth of these allegations?

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

Sardar Sant Singh: On a point of order, Sir. The Defence of India Act was passed by this Legislature, and powers were given to the Provincial Governments to carry out its provisions. Certain assurances were given to this House when the Act was passed in this House. Is it or is it not the function of the Honourable Members of the Government of India to give information to this House as to how that Act is being worked in the provinces?

Mr. President (The Honourable Sir Abdur Rahim): That is not a point of order in the ordinary sense. It depends upon the wording of the Statute whether power of supervision and control over the administration of the Act by the Provinces is reserved directly or by implication. That alone can solve the question that has been put.

PRESERVATION OF THE TAJ MAHAL.

117. *Dr. Sir Ziauddin Ahmad: (a) Will the Secretary for Education, Health and Lands be pleased to state what action have the Government of India taken to find out whether decay has set in the dome of the Taj, as reported by American tourists?

(b) Was the Taj examined by any officer of the Central Public Works Department?

(c) What is the report of the Central Public Works Department on the general condition of the Taj?

(d) What steps do Government propose to take for the preservation of the Taj?

Sir Girja Shankar Bajpai: (a) and (b). A preliminary examination has been made by officers of the Archæological Department and of the Central Public Works Department.

(c) The Central Public Works Department advised that a close examination of the dome of the Taj Mahal should be carried out in order to ascertain what measures are necessary for the preservation of the dome.

(d) In order to enable a detailed examination of the dome to be made, the necessary scaffolding will shortly be erected. Honourable Member may rest assured that Government will take such measures as the examination shows to be necessary.

Mr. Lalchand Navarai: May I know, Sir, if the Taj is a protected monument and if repairs to it are being carried out from time to time or those repairs have been taken in hand only after it has been pointed out that the Taj is in danger?

Sir Girja Shankar Bajpai: I am surprised that my friend should ask such a question as whether the Taj has or has not been a protected monument.

Mr. Lalchand Navarai: I am asking whether the repairs are carried out annually or they have just been taken in hand only after it was pointed out to Government that the Taj is in danger?

Sir Girja Shankar Bajpai: Of course, repairs are annually carried out.

Dr. Sir Ziauddin Ahmad: Will the Honourable the Education Secretary verify the fact or give me the information if he has it handy whether it is not a fact that out of the Rs. 100 provided for the upkeep of Taj, Rs. 80 go towards the upkeep of the gardener, 12 per cent. goes for the pay of chowkidars and guards, and only 8 per cent. of the money provided for the upkeep of the Taj is spent on repair work, and after deducting the share of the engineers and contractors, hardly 4 per cent. is left for the upkeep or repairs of the Taj?

Sir Girja Shankar Bajpai: My friend has imparted information, and not asked a question.

Dr. Sir Ziauddin Ahmad: Will my friend make inquiries and find out if what I have stated is a fact?

Sir Girja Shankar Bajpai: I have no doubt that my friend's information has been recorded by the Reporter, and I shall send that to the Archaeological authorities for comment.

Sir Muhammad Yamin Khan: Has the Honourable Member satisfied himself that there was actually any danger to the dome of the Taj as has been revealed?

Sir Girja Shankar Bajpai: I have satisfied myself that there is no imminent or immediate danger. In fact, it is impossible either for the P. W. D. or the Archaeological engineers to say what degree of danger, if any, there is, and it is in order to ascertain that that the scaffolding has been put up.

RAILWAY BUDGET FOR 1940-41.

The Honourable Sir Andrew Olow (Member for Railways and Communications): Sir, I rise to present to the House the Railway Budget for 1940-41. The immediate financial position of the railways is better than it has been for many years; but the comparative prosperity we are enjoying must be traced in large measure to the war, and is thus very dearly bought. We cannot forget that these trifling gains are an incidental result of a cataclysm which is bringing tragedy and hardship to multitudes; nor should we forget that a conflict which diverts a substantial part of the productive capacity in many countries, including India, to purposes of destruction must leave the world poorer, and must create in the end financial difficulties for the peoples, which our railways cannot hope to escape.

I.—Accounts for 1938-39.

When last year's budget was presented, it was anticipated that the accounts for 1938-39 would show a surplus of Rs. 205 lakhs. Unfortunately only two-thirds of this surplus was actually realised. Working expenses exceeded the estimated total by 49 lakhs and interest charges went up by 2 lakhs, while the receipts fell short of the revised estimate by 17 lakhs. Thus the year ended with a surplus of only 137 lakhs. Under the moratorium approved by this House, that sum went to general revenues, and under the Niemeyer award, provincial revenues secured the benefit. The sum fell far short of the contribution for which the railways are liable under the Convention approved by this House in 1924; and under the moratorium approved by this House, the balance went unpaid.

The depreciation charges for the year were met, an amount of a little over 12½ crores being appropriated to the fund from revenue. As the expenditure was only 7 crores, the fund increased by about 5½ crores and stood at nearly 24½ crores. But we could do nothing by way of restoration of the large sums borrowed from the fund to meet deficits in the lean years before 1936.

II.—Revised Estimates for 1939-40.

Passing to the current year, my predecessor budgeted for a surplus of 218 lakhs. During the earlier part of the year, it seemed unlikely that even this modest amount would be secured. Our income up to the middle of August failed to come up to expectations. The fall was particularly marked in passenger earnings, but traffic in sugar and some other foodstuffs was also disappointing. Since the advent of war, however, there has been a marked change. Goods earnings began to increase sharply as soon as war appeared to be imminent and remained at a high level for many weeks. Recently they have shown less of a rise over the preceding year's figures, but are still well above that level. Passenger earnings did not at first show any such response, but they too turned about the end of November. They are still likely to fall short of the previous year's figures, but that is due to the losses in the earlier months, and the present rate of earning is fairly encouraging.

It would seem that the clouded international situation during the earlier part of the year contributed to a considerable holding up of stocks in certain commodities. The effect of the outbreak of war in stimulating industry was enhanced by a release of such stocks. But the gains then secured were not, at first, reflected in any considerable improvement in the position of the people generally, so that we got at first no increase in passenger traffic. The improvement which came later has not been substantial.

In consequence of these changes, and of other changes to which I shall refer later, our revised estimates for the current year differ appreciably from the original estimates. Against an original estimate of earnings from State-owned lines of 94.75 crores we now have an estimate of 97.8 crores, an improvement of 255 lakhs. The revised estimate for working expenses has been put at 65.35 crores against the original figure of 64.25 crores. This means an increase of 110 lakhs. There will also be a small decrease in interest charges. Thus, instead of the surplus of 218 lakhs on which the budget was framed, we now hope for a surplus of 361 lakhs.

Although this figure, if realised, will represent the highest surplus for a decade, it will not suffice even to pay the 1 per cent. contribution to general revenues, less the loss on strategic lines, and the moratorium approved by the House does not exempt us from liability to pay that sum for 1939-40. We shall, therefore, have to carry over a debt estimated at 90 lakhs to be met out of the surplus for 1940-41. This is apart from the accumulated unpaid contributions for previous years which now amount to nearly 36.4 crores. In addition, the unrestored borrowings from the depreciation fund amount to over 30 crores; and we are not in a position to do anything to reduce this figure.

We intend to do our best to secure better results for next year, but lest these facts should, by themselves, give any Honourable Member an unduly gloomy view of the picture, there are further considerations which should be remembered. The framers of the Convention relating to the separation of general and railway finance cannot, in my view, be accused of having treated railways ungenerously in the light of conditions then prevailing; but factors which they could not foresee operated to render it impossible to fulfil the railways' obligations in the last decade. In the first place, the world was overtaken by an economic blizzard of unprecedented force. In

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the second place, road transport made quite unanticipated inroads on both passenger and goods traffic. In the third place, there has been a much greater response to the demands of labour than was anticipated in 1923. Despite these factors, the railways have, in recent years, yielded dividends which, if they are small compared with those expected by industry, compare very favourably with those earned by important railway systems in other countries. For the ten years 1930-39 the average percentage of net traffic receipts to capital at charge has been 3.6 per cent. and in the last three years it has exceeded 4 per cent. Most railway shareholders abroad would have been glad to receive dividends on that scale during these years.

III.—1940-41: Capital Position.

Turning now to the year 1940-41, I begin with matters affecting capital expenditure. We have closed no lines during this financial year but are investigating the possibility of closing some small lines that may have ceased to be remunerative. As regards new construction, two projects, the Sind Right Bank Feeders Railway, and the Khadro Nawabshah Railway, are nearing completion; the work remaining for next financial year should require only Rs. 7½ lakhs. We are making no provision for a third Sind project, the Tando Mitha Khan Railway, as we are not assured that this will prove a sound proposition, and with the concurrence of the United Provinces Government we have decided to drop for the present the idea of constructing a line between Kashipur and Kalagarh.

We have acquired two existing lines during the current year; both of them were being worked by Government. In June last we purchased the South Bihar Railway, 76 miles in length for a sum equivalent to about 92 lakhs, and last month the Hardwar-Dehra line became State property. The purchase price for this will have to be paid during 1940-41, and the budget includes a sum of Rs. 43½ lakhs for the purpose. The line is 32 miles long and the return on the investment is estimated at 5½ per cent. A larger purchase on which we have decided is that of the Bengal-Dooars system, which extends to over 160 miles of line. The option to purchase falls on 31st December next and the Company had the right under its contract to require Government to work the lines for 40 per cent. of the gross earnings. As this would have increased both the income of the Company and the subsequent purchase price, it was an option which was likely to be exercised; and we estimated that the working of the lines by Government for the Company would have involved annual payments of Rs. 11½ lakhs a year. As the estimated purchase price is £1,284,000 or Rs. 171 lakhs, it is better to acquire the property and the Standing Finance Committee has concurred in the proposed purchase, of which notice has been given. It is not yet certain whether the price will be paid in 1940-41, and the budget contains no provision for it. In the event of funds for it being required next year, a supplementary demand will be placed before the House.

Our provision for open line works is on much the same scale as last year. The estimates on account of track renewals amount to roughly Rs. 5½ crores and those for rolling stock to Rs. 5 crores. We are providing a sum of Rs. 8½ crores for bridges and other structural works and over ¼ a crore has been provided for an increase in the stores balance. These are gross figures and we expect a credit of about 1½ crores for old materials. The expenditure on track renewals and on rolling stock is

likely to be fairly heavy for the next few years. The necessity for retrenchment during the years of depression has resulted in a curtailment of the expenditure on maintenance. The Pacific Locomotive Committee, commenting on the track renewal programmes over the last ten years, observed that there had evidently been a general falling off in the number of miles of track and of track components renewed and of betterments effected. As their report suggests, the tendency to prolong the life of material and postpone betterment until financial conditions improved has been carried quite as far as is reasonable or safe, and we must now recover the ground that has been lost. The items which I have mentioned, together with the cost of purchase of the Hardwar-Dehra line, amount to over Rs. 13½ crores. But following previous practice, we have made a reduction of about 2½ crores to allow for cases in which it may be impracticable to spend the full amount provided. The net provision for open line works is about Rs. 11½ crores, of which we expect to meet Rs. 7 crores from the depreciation fund, the remainder being debited to capital.

The increase in the capital at charge is, I know, a source of concern to some sections of the House. The railways, it must be admitted, are to some extent over-capitalised and in 1936, Government, in consultation with the Public Accounts and Standing Finance Committees and the Auditor General, made a detailed examination of the measures that were desirable to check further deterioration in this regard, and generally to put railway finances on a sounder basis. Some changes were then made in the allocation of expenditure, but in view of the financial position it was considered impracticable to give effect at once to all the suggestions then approved in principle. Of these, one was that the limit of cost, viz., Rs. 2,000 up to which new minor works are debited to revenue instead of to capital, should be raised and limits of Rs. 5,000, 10,000 and 25,000 were mentioned, the last figure being approved. We have now, with the approval of the Standing Finance Committee, decided to adopt the figure of Rs. 10,000, which is as far as we feel we can go at present, and to make the change operative from next year. For the present, this change will apply to State-managed railways only, and we estimate that this will reduce the debit to the capital account of these railways by about Rs. 30 lakhs next year: it will, of course, increase their working expenses by a corresponding amount. On company-managed railways, the allocation of expenditure as between capital and revenue is determined by the provisions of their contracts, and we cannot force them to charge more to their revenue than these contracts require. It may, however, be possible to introduce this reform in the Government accounts of these railways, and this is being examined.

There is one further probable development to which allusion should be made. At the instance of the Standing Finance Committee for Railways, the Railway Board recently appointed two officers to examine the possibilities of building locomotives in India. As the House is aware, metre-gauge locomotives are being built at Ajmer, but about 17 years have elapsed since any broad-gauge locomotives were manufactured in India. The report of these officers is in the hands of members of the Standing Finance Committee and will be distributed today to other Members of the House. It is an interesting, a lucid, and an encouraging document. Put briefly, their leading conclusions are that we can now reckon on a reasonably large and steady demand for broad-gauge locomotives, which means that the biggest obstacle which has stood in the way in recent years is disappearing,

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that important materials which have not hitherto been available in this country are now likely to be forthcoming, and that we can hope to construct such locomotives more cheaply than manufacturers abroad can supply them. Their preliminary estimate of the capital cost involved in making a shop available for the manufacture of broad-gauge locomotives is 48·6 lakhs. The report will be examined expeditiously in consultation with railway administrations, and if the proposals made are approved, demands will be placed before the House as soon as detailed estimates can be made. That, I hope, will be within the coming financial year.

IV.—Revenue in 1940-41.

In approaching the revenue position for next year, we are confronted by serious difficulties; for our estimates of both income and expenditure must involve a large element of speculation than has been the case in any recent year. He would be a bold man who would forecast the economic situation in the country a year hence. Our traffic figures have seen violent fluctuations during the current year and we have no guarantee that there will not be wider fluctuations next year. The possible developments arising out of the war are largely hidden from our eyes. We must, however, make some assumptions if we are to frame estimates at all and we have assumed in the first place that the war will continue throughout the year. We have assumed, perhaps with less confidence, that this will have the effect of increasing our figures of traffic. It would be rash to expect the maintenance of traffic at the height which marked the opening months of the war; indeed there are signs of a slackening already. But we have assumed that, over the whole year, our traffic would increase to an extent which at present rates would bring in an income of about 75 lakhs more than the revised estimate for the current year.

On the expenditure side we have to face equally big uncertainties, and here, unfortunately, the uncertainties are mostly in the unfavourable direction. Traffic may fall far short of our estimates and may appreciably exceed it; but with our rigid rates of wages and salaries, we can look for no large savings of expenditure and might easily have to face large increases. If, for example, prices were to rise substantially above their present level, the possibility of giving relief to certain categories of staff would obviously have to be considered; and the effect of any changes here may be judged from the fact that our non-gazetted staff cost nearly 32 crores a year. Even a 10 per cent. allowance, which was limited to those on daily rates, to inferior servants and to others getting less than Rs. 80 a month, would cost nearly 1½ crores. We can only hope that no such contingency will arise, and budget on this assumption. I shall have something to say later on this subject of prices and wages.

If the railway rates were to remain at their present level, we anticipate that the surplus in 1940-41 would amount to about 3 crores. This would not suffice to meet the railways' obligation to pay 1 per cent. on the capital at charge, less the loss on the strategic lines, even for 1940-41 and, as I have observed earlier, we anticipate that we shall have to carry over a liability of 90 lakhs from this year's accounts, which will be a first charge on the surplus of next year. Clearly then, we must look for the means of increasing our revenue, and the obvious remedy is an increase in rates. And this is clearly the sound course in the present situation, when the traffic can bear increased charges. The railways, like every other form of industrial enterprise, must expect marked fluctuations in their working.

Periods of general prosperity are followed only too surely by periods of depression and as the financial results of railway working depend closely on the economic situation in the country, a period of depression for the community is also a period of depression for the railways. Thus, if railways fail to take advantage of times when the demand for their services is brisk, the inevitable result is that when the demand falls off, they will be unable to meet their obligations to the tax-payer. That is precisely what happened in the years following 1928, the important consequence being that in 1931-33, when the need of the tax-payer was greatest, the railways were quite unable to fulfil their obligations to him and had indeed, at a time of depression in industry, to enhance their rates.

The actual increases which we propose to make are as follows. In respect of goods we are making an enhancement of 2 annas in the rupee or 12½ per cent. on most commodities with effect from 1st March next. But from this rise we propose to make complete exceptions in the case of food grains, fodder, manures and railway and military traffic and we propose to make a partial exception in the case of coal. So far as food grains are concerned, while the proportion which a similar enhancement would bear to prices would be trifling, we are anxious to afford no excuse for a raising of prices on our account. If, however, we found ourselves forced by a substantial rise in prices to give allowances to the staff, rates generally would have to be reconsidered and the exemption of food grains could hardly be maintained. Fodder traffic can hardly be regarded as a remunerative item and the traffic in this, particularly on metre-gauge lines, has recently been embarrassing, but we feel that in view of the acute needs of certain parts of the country we should not at present increase our charges on this or on manures. In the case of jute and tea, local factors make it impracticable to enhance the rates at once on the Eastern Bengal and Assam Bengal Railways, but the additions will be imposed as soon as the difficulties have been overcome and that should be in the course of a few months.

In respect of coal we propose to raise from 1st March the existing surcharge from 12½ per cent. to 15 per cent. and to remove the maximum at present imposed on this surcharge, and from 1st November next to raise the surcharge to 20 per cent. We estimate that this means an average increase in coal freights of less than two annas a ton until November and about 5 annas for the remaining months. The preferential treatment we are giving to coal is based partly on the fact that part of the freight is technically a surcharge, but mainly on the better ground that we are anxious to avoid imposing anything that can be regarded as an appreciable burden on industry. And by making only a trifling increase for the next eight months, we hope to encourage those manufacturers who can do so to follow our own example and secure coal in the season when our wagon position is normally easier, and so to reduce the difficulties in the winter months.

In respect of passengers we propose, for the present, a smaller enhancement. Fares will be increased by 1 anna in the rupee, and the increase will not be applicable to fares not exceeding a rupee. This means, so far as third class fares are concerned, that for distances up to about 50 miles, fares will remain as they are, so that journeys to work and most of the journeys within a district will, for the third class passenger, be no dearer than before. We estimate the average increase in fares at 4 per cent., and the average increase in third class fares will be less than this. I would observe that the average journey for a passenger is about 85 miles.

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The effect of all these increases will be carefully watched and if it appears that any of the new rates is having adverse effects on our revenue, reductions will be made. I do not anticipate such effects, but in assessing the probable effect of these enhancements we have made a reduction of 20 per cent. from the income they should yield, to allow for small reductions in traffic and for any concessions we may have to make. In the current year we estimate that they will yield 80 lakhs and we have taken 5½ crores as the additional earnings from this source for next year. The gross traffic receipts for next year have been put at 108 crores against the revised estimate of 97.8 crores for the current year.

V.—*Expenditure from Revenue in 1940-41.*

The estimate of ordinary working expenses has been placed at 58.98 crores; when depreciation is added, the total comes to 66.64 crores, an increase of 1.29 crores over the revised estimate for the current year. The only item in respect of which we hope for an appreciable reduction is interest charges, where owing to a fall in the rates, we expect to save 10 lakhs. The increase in the total figure is mainly due to the higher prices which we are likely to pay for materials, but the increased traffic for which we have budgeted funds, of course, a reflection in expenditure in various directions. To take one item in which the House is generally interested, the contracts for State-managed lines placed with private colliery-owners for next year's supplies are for a sum of Rs. 104½ lakhs which is 14 lakhs more than the contracts for the current year and represent an increase in quantity of nearly 400,000 tons. The figure of 2,800,000 tons to be purchased from the market is the largest for 17 years. We contemplate raising about 1,670,000 tons from our own collieries which is practically the same as the estimated output for this year.

A second element in the increased costs is the provision we are making for labour, and I need offer no apology for dealing with this subject at some length. It is, even in times when conditions are stable, one of vital importance and one which is constantly under consideration, in one aspect or another, by the Railway Board; and the recent rise in prices has given it special prominence.

Any general rise in prices involves a diminution in the real income of those who depend on fixed salaries and wages, and as the bulk of railway servants fall in this category, they have naturally not welcomed the change. The lowering, even in a small degree, of one's standard of living is always felt to be a hardship and this is particularly true of those on the lower scales of pay. I think it can be claimed that the great majority of those affected met the situation with fortitude, but there have naturally been complaints from a number of quarters and there are probably few railway workers who did not feel apprehension regarding the effect on themselves and their families of the more substantial rise which at one time seemed probable. That rise has not materialised; and in fact 1940 has brought a distinct fall in prices of important commodities. But at a time like this, when prices are less stable than in normal times, the question of possible alterations in remuneration is bound to occupy the thoughts both of employees and of the administration. We have, in fact, been examining the position closely in the past two months, and it would perhaps be useful if I were to set out some of the main considerations which must underlie any conclusions that may be formed on the subject.

One preliminary point is that the question is not one of generosity or parsimony on the part of Government, but of an equitable arrangement between railway servants on one side and other sections of the community on the other. I need hardly enlarge on this point, for it is obvious to all thinking men; but there still survives in less informed quarters the conception of Government as a primary source of wealth which can give what it chooses without inflicting loss elsewhere. What we give to our staff comes out of the pockets of the community and much of it must fall ultimately in one form or another upon the masses. The question, therefore, is largely one of how much they should be called upon to pay for the services given by railway employees. Now it can hardly be denied that in the last few years, following the great fall in prices of 1929-31, the primary producers have been getting less than formerly and those whose remuneration was not reduced, *i.e.*, practically all railway servants, have been gainers at their expense. It is not, therefore, reasonable to assert that when any movement occurs in the reverse direction, railway servants have the right to have it "neutralized" by additions to their pay.

Any such doctrine would carry with it the corollary that whenever prices fell, pay should be correspondingly reduced. The rise of prices in December brought telegrams from some railway servants asking for allowances. I sympathise with the difficulties that beset any one who finds his purchasing power cut down, especially at a time when some of those more fortunately placed are actually gaining from the present situation: and the position was not rendered easier by the fact that a number of private employers, who had in many cases secured substantial reductions in their wages bills a few years ago, rightly gave some enhancement. At the same time, I could not help wondering what the reaction of those who sent telegrams would have been if, when prices fell, Government sent them telegrams proposing a cut in their pay. It is arguable that pay rates are too rigid and that a few years ago we should have followed the example of many big employers and cut rates all round. All that we did do, and that under the pressure of gave financial stringency, was to impose a small cut which has been fully restored and to reduce to some extent the rates offered to new entrants. But those already in service were given the old rates, which were in many cases privileged rates, which did not correspond with the economic levels then prevailing. Whatever view be taken of the policy then adopted, the fact remains that in railway service the tendency has been to keep rates comparatively rigid: and those whose pay is not adjusted to a fall in prices can hardly expect to be compensated for every rise which occurs.

I have alluded to our rates as rigid, but in actual fact, the rates of remuneration can only be described as rigid in the sense that the employees have, except for the temporary cut in pay, been secured against a reduction in their emoluments; they have not been rigidly held down, for the charges in respect of labour have risen fairly steadily. So far as pay is concerned and in spite of the revision of the scales for new entrants, the average remuneration for railway staff as a whole rose by about 10 per cent. between 1929 and 1939, whereas prices were substantially lower in 1939 than in 1929. This brought, of course, higher payments in various indirect ways, such as provident fund bonuses, gratuities and leave allowances. Part of the increase is traceable to the effect of incremental scales, but not all of it; and it may be observed that incremental scales which are common in the railways but very rare in other forms of industry, tend to alleviate the effect which an upward movement in prices may produce.

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The last decade has also been marked by important concessions in various other directions. So far as the lower-paid staff is concerned, possibly the most important was the abolition of the "no extra cost" condition in respect of leave, which was granted in 1930 and was estimated to cost ultimately 20 lakhs a year. Higher recurring costs, in addition to capital expenditure, have been incurred in the enforcement on a large scale of the Washington and Geneva Conventions relating to Hours of Employment and Weekly Rest. For this I shall give figures shortly. The expenditure here does not, of course, go in increasing the emoluments of individuals: it goes in reducing the work, they do while their pay is kept at the previous level.

It may seem to some who compare the conditions of service with those in private employment and bear in mind the provision for housing, medical relief, passes and other matters, that any further increase in charges in the present situation would be unjustified. That is not our own view, for there are improvements which financial difficulties have hitherto prevented us from making, but which are recognized as desirable. Accordingly the budget now being placed before you contains substantial extra provision. This is intended, in the first place, to complete the extension of the Hours of Employment Regulations to all State-owned Class I Railways. At the beginning of last year we had four such railways still to cover—the South Indian, the Rohilkund and Kumaon, the Bengal Nagpur and the Assam Bengal Railways. During the year we approved the inclusion of the South Indian and Rohilkund and Kumaon Railways and we feel that, in the present position, we can hardly postpone for another year an extension to the other two. The cost for the first two is 6.5 lakhs capital and 3.6 lakhs recurring, and for the second two is 15.4 lakhs capital and 6.3 lakhs recurring; but in this case, we are making provision for only part of the year. We estimate the total cost of applying these Conventions on the railways at 59 lakhs capital and over 82 lakhs recurring. The new expenditure included in the budget for this purpose amounts in all to about 6 lakhs. India can perhaps claim a little credit for making sacrifices to fulfil international obligations at a time when respect for these is so notoriously lacking in some countries; but I would not be disposed to press this point far, for the benefit goes to staff who, for the most part, stood in real need of it.

A second direction in which we would like to make an advance is the further extension of the Provident Fund privileges to employees. This does not stand on the same footing as the previous concession for there is no legal obligation and it cannot be regarded as a right of employment; none of those seeking to secure it entered the service on the understanding that they would get it. But the All-India Railwaymen's Federation lays stress on the need of the lower-paid employees for some provision in addition to the gratuities already provided, and we feel that, as circumstances permit, this is a direction in which we ought to advance. It could be a very costly business, for the numbers not now included are large and the bonus given by the railways is one-third higher than that given in most Government provident funds. Our estimate of the additional sum involved if every one were included on the present terms is 72 lakhs a year. Clearly, any steps we take must be gradual, and our power to take steps at all must depend on claims made in other directions. What we

have done is to include, in addition to the provision made for the extension of the Hours of Employment Regulations, a sum of 12 lakhs which we can apply to those staff benefits which appear to be most urgent, and the Railway Board hope to discuss later with the Federation the best allocation of this sum.

It will be clear, from the figures I have quoted earlier, that the provision we have made will not suffice to provide for war allowance on any general scale, though it might meet some cases of special hardship. Our own examination of the situation at the present moment suggests that in no area have prices risen to the levels prevailing when the bulk of the present rates were fixed, but we are at all times ready to consider any reasoned statement of the position which takes into account the considerations I have mentioned.

VI.—Conclusion.

I have referred to the gradual improvement in the conditions of our staff. Let me add that the benefits have not been one-sided and that the railways have been given not merely steady service but increased efficiency from the staff. Over the last decade, the public have demanded and secured constant improvements in the service, and despite all the adverse circumstances the railways have had to face, the cost of staff per train-mile has been falling for some years and is now no higher than it was in 1922. I have no doubt that in all branches of railway work there has been increased keenness and increased skill; and to this the officers in all grades from the highest to the lowest have made a very valuable contribution.

Finally, I deal with the estimated surplus and its allocation. We have estimated our gross traffic receipts at 103 crores, and expect net miscellaneous receipts of $\frac{1}{4}$ of a crore. Our expenses, including interest charges, are estimated at 95.46 crores. This excludes a sum of 5.19 crores on the receipt side in respect of worked lines and a corresponding amount on the expenditure side. The estimated gross surplus before payments to general revenues is thus 8.29 crores. Of this we estimate that 90 lakhs have to go to meet the undischarged liability to general revenues in the current year. The payment next year of the 1 per cent. charge on capital at charge less the loss on strategic lines will account for 4.41 crores. Thus, if our present forecast proved accurate, there would be a balance of 2.98 crores, which under the Convention of 1924 goes into the railway reserve fund.

It is a melancholy fact that the reserve fund of this, the largest railway system under one ownership in the world, stands at 48 lakhs. This is less than a fifteen hundredth part of its capital at charge, and much less than 1 per cent. of its revenue. The effect of our being virtually denuded of any reserves is that when times of depression come, we are at once in difficulties. We are earning at the moment profits which depend to a large extent on factors of a temporary character, and if reserves cannot be built up in such a situation, we may be confronted, when the inevitable recession comes, with the necessity of reducing wages and increasing charges and thus enhancing the difficulties of the community at a time when its needs are acute. No great business should be obliged to live a hand-to-mouth existence and the only sound policy is to endeavour during the good years to put something aside for the bad ones. It is my

hope—a hope which, with the uncertainties ahead of us, cannot be a conviction—that next year will be a better one than the railways have had for quite a long time.

THE FACTORIES (AMENDMENT) BILL.

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar (Member for Commerce and Labour): Sir, I move for leave to introduce a Bill further to amend the Factories Act, 1934, for a certain purpose.

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

“That leave be granted to introduce a Bill further to amend the Factories Act, 1934, for a certain purpose.”

The motion was adopted.

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: Sir, I introduce the Bill.

THE INDIAN EMIGRATION (AMENDMENT) BILL.

Sir Girja Shankar Bajpai (Secretary, Department of Education, Health and Lands): Sir, I move for leave to introduce a Bill further to amend the Indian Emigration Act, 1922.

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

“That leave be granted to introduce a Bill further to amend the Indian Emigration Act, 1922.”

The motion was adopted.

Sir Girja Shankar Bajpai: Sir, I introduce the Bill.

The Assembly then adjourned till Eleven of the Clock on Thursday, the 22nd February, 1940.