

28th February 1938

THE
LEGISLATIVE ASSEMBLY DEBATES
(Official Report)

Volume II, 1939

(16th February to 13th March, 1939)

NINTH SESSION
OF THE
FIFTH LEGISLATIVE ASSEMBLY,
1939



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1939

9—10

Legislative Assembly.

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SYED GHULAM BHIK NAIRANG, M.L.A.

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

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LEGISLATIVE ASSEMBLY.

Tuesday, 28th February, 1939.

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

TRANSFERRED QUESTIONS AND ANSWERS.†

SPREAD OF EDUCATION IN THE TRIBAL AREAS.

756. *Mr. Abdul Qaiyum: Will the Foreign Secretary please state:

- (a) the number of schools opened in the tribal area in each of the years 1937 and 1938;
- (b) the amount spent on education in the latest financial year for which figures are available;
- (c) the amount set apart for education for that area in the year 1938-39; and
- (d) the steps taken or proposed to banish illiteracy from the tribal areas?

Sir Aubrey Metcalfe:

North-West Frontier.

- (a) None.
- (b) Rs. 1,29,055.
- (c) Rs. 1,32,200.

Baluchistan.

- None.
- Rs. 54,171.
- Rs. 52, 092.

The figures for the North-West Frontier under (b) and (c) do not include expenditure on the Islamia College, Peshawar, and other institutions in British India, where many sons of tribesmen receive their education.

- (d) The number of schools in tribal territory was doubled in the decade ending 1936-37, and the expenditure on education was considerably more than doubled. The increase has been greatest in Waziristan, where it is remarkable that in spite of the disturbed conditions of 1937-38, school attendance in that year only fell slightly in one Agency, and actually increased in the other. A gradual extension of education as funds permit and the demand increases.

RAILWAY CONCESSIONS FOR TRANSIT OF GRAINS AND FODDER.

757. *Mr. T. S. Avinashilingam Chettiar: Will the Honourable the Railway Member state:

- (a) from how many Provinces applications have been received for Railway concessions for transit of grains and fodder on account of famine in the course of the financial year;
- (b) to how many Provinces such concessions were given; and
- (c) what is the extent of concessions given in such cases?

The Honourable Sir Thomas Stewart: (a) and (b). The question, so far as it relates to the carriage of fodder to areas where there is a fodder scarcity, should be addressed to the Honourable Member who represents the Department of Education, Health and Lands in this House. No applications have been received in this Department for concession rates for grains to famine areas.

(c) A statement, showing the concessions to the consignor on the broad, meter and narrow gauges, is laid on the table.

† The meeting of the Assembly that was to be held at Eleven of the Clock today having been cancelled, the answers to starred questions for that meeting were, in pursuance of convention, laid on the table of the House during the afternoon sitting. —E. of D.

Statement.

Gauge.	Four-wheelers.			Six-wheelers.			Bogies.			Remarks.
	Special rates.	Concession rate (to be paid by traders).	Difference (to be paid by Government).	Special rates.	Concession rate (to be paid by traders).	Difference (to be paid by Government).	Special rates.	Concession rate (to be paid by traders).	Difference (to be paid by Government).	
1	2	3	4	5	6	7	8	9	10	11
	Per mile.	Per mile.	Per mile.	Per mile.	Per mile.	Per mile.	Per mile.	Per mile.	Per mile.	
Broad	As. P.	As. P.	As. P.	As. P.	As. P.	As. P.	As. P.	As. P.	As. P.	
	3 6	1 0	2 6	5 3	1 6	3 9	7 0	2 0	5 0	The minimum charge is Rs. 10 for 4-wheelers, Rs. 15 for 6-wheelers and Rs. 20 for bogies.
Metre	2 4	0 9	1 7	3 6	1 1½	2 4½	4 1	1 6	3 2	The minimum charge is Rs. 5 for four-wheelers, Rs. 7-8-0 for six-wheelers and Rs. 10 for bogies.
Narrow	1 9	0 6	1 3	2 7½	0 9	1 10½	3 6	1 0	2 6	..

INSUFFICIENT LIGHTING ON PLATFORMS OF SOME RAILWAY STATIONS.

758. *Mr. Brojendra Narayan Chaudhury: Will the Honourable the Railway Member please state:

- (a) whether he is aware that the platforms of many stations on the East Indian Railway and other Railways generally are not sufficiently lighted to enable passengers to pick up the class of compartment they wish to travel in, and whether this causes anxiety, hurry and even failure to board, particularly when the halt is short;
- (b) whether the Railways are proposed to be asked to provide better lighting at all the stations without delay as part of their programme in the coming year;
- (c) whether he is aware that the station officers generally are not very helpful in assisting passengers in finding their carriages, particularly in a rush; and
- (d) whether the 'class' cannot be exhibited through lighted windows as in the case of female compartments on certain Railways?

The Honourable Sir Thomas Stewart: (a) I realise that the lighting of many platforms on Railways generally is not perfect, but am not aware that this has led to the harrowing conditions mentioned by the Honourable Member.

(b) Railways are alive to the advantages of a better lighting of platforms, as they are to the improving of other amenities of travel, but this is obviously a matter of cost and can only be done gradually. I will, however, bring the question to the notice of the Railway Administrations.

(c) No.

(d) The benefit to be derived by passengers from the provision of illuminated panels showing classes would not in the opinion of Government justify the heavy outlay their provision would involve.

FREE CARRIAGE OF POSTAL MAIL AND BUSES, ETC., OVER FERRIES.

759. *Mr. Brojendra Narayan Chaudhury: Will the Honourable the Railway Member please state:

- (a) whether postal mail bags, mail runners and mail buses are carried free of charge over Provincial ferries;
- (b) if so, whether the free carriage over ferries is claimed as of right by the Central Government, or given as a concession;
- (c) the authority under which it is claimed as a right, or the reason for the concession;
- (d) whether the mail buses are allowed to carry passengers; and
- (e) if so, whether Government have considered the injury they do to rival passenger carriers who have to pay the toll?

The Honourable Sir Thomas Stewart: (a) and (b). The practice as regards free carriage of mail buses, etc., over provincial ferries varies from province to province. Free carriage is not claimed as a right and the concession is given at the discretion of Provincial Governments.

- (c) Does not arise.
 (d) Yes.
 (e) I understand that the ordinary practice is for mail buses to pay toll when they carry passengers.

TELEPHONE RATES IN THE BENGAL AND ASSAM POSTAL CIRCLE AND IN BURMA.

760. *Mr. Brojendra Narayan Chaudhury: Will the Honourable the Communications Member please state:

- (a) the monthly rates of telephone rents in the Bengal and Assam Circle and the rates charged by the Telephone Company in Calcutta, as also the rates in Burma;
 (b) whether he is considering the revision of rates for rents and calls;
 (c) the surplus revenue from the Telephone Branch in the last two years; and
 (d) whether the Telephone Department is treated as a commercial department from the financial standpoint?

The Honourable Sir Thomas Stewart: (a) A statement giving the scales of charges of telephones is laid on the table.

(b) No.

(c) The surplus revenue from the Telephone Branch in the last two years is as follows:—

1936-37 Rs. 19·79 lakhs.

1937-38 Rs. 28·10 lakhs.

(d) The Telephone Department is a branch of the Posts and Telegraphs Department which as a whole is treated as a commercial department.

Statement showing the scale of charges for telephones in India, Burma and those charged by the Bengal Telephone Corporation Limited, Calcutta.

Scale of charges for connections to a Departmental Exchange in India.

Radial distance from Exchange.	Rates payable in advance.	
	Monthly, subject to a discount of 10 per cent. for prompt payment.	Annually.
	Rs.	Rs.
Within one mile	18	168
Within two miles	19	180
Within three miles	20	192

Statement showing the scale of charges for telephones in India, Burma and those charged by the Bengal Telephane Corporation Limited, Calcutta—contd.

The scale of charges in Burma is identical with the above, except in the case of certain rural exchanges.

For certain larger exchanges in India, e.g. Regent, Barrackpore, Calcutta West, and Storeyard (Alipore) and for Rangoon in Burma—		
Within three miles	Rs. 20	Rs. 192
For Exchanges which are not connected to the general telephone trunk system—		
Within half a mile	17	156

Current tariff for connections to Exchanges owned by the Bengal Telephone Corporation Limited, Calcutta.

Fixed rental to a point within four miles radius of the Exchange Rs. 10 per mensem.

Call Charges 12 calls per rupee.

Provided that if less than ninety calls are made within any one month the Subscriber shall be entitled to a refund of Rs. 2 from the fixed rental but shall pay for calls at ten to the rupee.

A discount of 17½ per cent. from the charge for Calls is allowed for prompt payment.

INDIANISATION OF THE FRONTIER IRREGULAR CORPS.

761. *Mr. Abdul Qaiyum: Will the Foreign Secretary please state:

- the number of King's and Indian Commissioned Officers in the Frontier Irregular Corps—the latest available figures;
- how many of these are Indians;
- whether any Indian was appointed to this corps in 1938, if so, how many;
- the reasons for the paucity of Indians in these corps; and
- how it is proposed to rapidly Indianise these corps?

Sir Aubrey Metcalfe: (a) and (b). The Honourable Member is referred to the reply given to parts (a)—(b) of his question No. 1920 asked on the 7th December, 1938.

(c) Yes, one.

(d) Lack of applicants possessing the necessary qualifications. In this connection the Honourable Member is referred to the reply given to part (b) of his question No. 421 asked on the 23rd August, 1938.

(e) The Honourable Member is referred to the reply given to part (e) of his question No. 421 asked on the 23rd August, 1938.

**DISCUSSIONS REGARDING SAFETY MEASURES AGAINST RAILWAY
DERAILMENT AT PATNA.**

762. *Mr. Brojendra Narayan Chaudhury: Will the Honourable the Railway Member please state:

- (a) whether the Senior Government Inspector of Railways and the Chief Engineer, East Indian Railway, visited Patna on the 21st January, 1939, and discussed with the local Police officials matters relating to the recent Hazaribagh Road Railway accident; and
- (b) whether safety measures against Railway derailment by sabotage or otherwise were discussed by them; if so, whether any and what additional measures are contemplated?

The Honourable Sir Thomas Stewart: (a) Government have no information.

(b) In view of the reply given to (a) above, the first part of this question does not arise. As regards the reply to the second part, Government understand that a system of patrols has been started.

TELEGRAPHIC CONNECTION WITH MUNSHIGANJ.

763. *Mr. Brojendra Narayan Chaudhury: Will the Honourable Member for Communications please state:

- (a) whether the telegraphic connection with Munshiganj, which serves the progressive area of Bikrampur Pergana in East Bengal, is by cable, and whether the cable has not been working for some time;
- (b) if so, for how long it has not been working, and the reasons for the breakdown;
- (c) when the restoration of the cable communication may be expected;
- (d) whether telegrams sent from Munshiganj at twelve noon are sometimes delivered in Calcutta after 9 A.M. the next morning as against letters posted at Munshiganj at the same time delivered at 9 A.M. in Calcutta; and
- (e) the passage of telegrams from Munshiganj to Calcutta at present?

The Honourable Sir Thomas Stewart: (a) and (b). Telegraphic communication between Narayanganj and Munshiganj is maintained partly by aerial wires and partly by underwater cable. The cable has not been interrupted, but the aerial wires over the river Booriganga failed sometime ago as a result of the erosion of the river bank at Gopechar. Owing to the banks of the river bank being in an unsettled condition and to the fact that the river course is widening, it has not so far been practicable to replace the aerial wires by a new overhead crossing. It will probably be necessary to lay a second underwater cable.

(c) It is hoped to make arrangements to restore telegraphic communication between Munshiganj and Narayanganj soon.

(d) It has not been possible to trace any message which has been delayed to the extent alleged.

(e) Messages from Munshiganj to Calcutta and *vice versa* are conveyed by the steamer service operating between Narayanganj and Mirkadim. This service runs approximately every two hours each way on week days between 7-30 A.M. and 7-30 P.M. There are two services on Sundays.

HOURS OF WORK OF DRIVERS ON RAILWAYS.

764. *Mr. T. S. Avinashilingam Chettiar: Will the Honourable the Railway Member state:

- (a) the maximum number of hours that engine drivers are working on the Indian Railways;
- (b) whether Government have any uniform regulations in this matter; and
- (c) whether Government have investigated the matter whether working for a larger number of hours may be a possible contributory cause for the recent accidents on the railways?

The Honourable Sir Thomas Stewart: (a) Such information as Government have will be found in the paragraph "Running Staff" appearing on page 109 of the Railway Board's memorandum for the Royal Commission on Labour (a copy of which is in the Library of the House).

(b) No.

(c) No investigation has been considered necessary as in such reports as have been submitted to Government in connection with recent accidents there has been no suggestion that any accident has been due to the time an employee was on duty.

RENTS CHARGED FROM REFRESHMENT ROOMS ON THE NORTH WESTERN RAILWAY.

765. *Mr. T. S. Avinashilingam Chettiar: Will the Honourable the Railway Member state:

- (a) whether in the North Western Railway the refreshment rooms are charged no rent at all;
- (b) how many of them are European and how many of them are Indian;
- (c) whether he is aware that the European refreshment rooms are mostly used by well-to-do people; and
- (d) what will be the income to the administration if they are charged economic rents?

The Honourable Sir Thomas Stewart: (a) and (b). I would refer the Honourable Member to the statement laid on the table of this House on 7th February, 1939, in connection with Mr. S. Satyamurti's starred question No. 1088 of 16th September, 1938.

(c) I am prepared to take the Honourable Member's statement as correct.

(d) Government have no information.

DAMAGE TO PROPERTY THROUGH RAIDS FROM THE TRIBAL AREAS.

766. *Mr. Manu Subedar: (a) Will the Secretary for External Affairs please state whether Government have any information in a summarised form, showing the amount of (i) damage to property, and (ii) loot through the raids from the Tribal Area in British India?

(b) Have any negotiations taken place with the heads of the Tribes who are suspected of making these raids for the settlement of issues of dispute with them?

Sir Aubrey Metcalfe: (a) A statement for the year ending the 31st December, 1938, so far as raids from the tribal areas into the North-West Frontier Province are concerned, is placed on the table. For previous years the Honourable Member is referred to the annual Border Administration Reports of the North-West Frontier Province.

(b) Tribes on the Frontier are regularly called to account through their headmen for raids committed by their members.

Statement showing the amount of damage to property and loot in the North-West Frontier Province through raids from Tribal Areas during the year ending 31st December, 1938.

District.	Amount of Damage to property.		Amount of loot.	
	Rs.	A. P.	Rs.	A. P.
1. Dera Ismail Khan		35,328	0 0
2. Bannu	15,250	0 0	2,57,088	0 0
3. Peshawar			3,923	0 0
4. Kohat			2,069	0 0
5. Hazara		7,883	0 0
Total	15,250	0 0	3,06,291	0 0

INCONVENIENCE DUE TO THE LATE ARRIVAL OF THE 8 DOWN TOOFAN EXPRESS AT CALCUTTA.

767. *Mr. Manu Subedar: (a) Will the Honourable the Railway Member please state why it is that, while the 7 Up Toofan Express from Calcutta to Delhi takes about 25½ hours, the corresponding return train, viz., the 8 Down from Delhi to Calcutta, takes about one hour more?

(b) Has the attention of Government been drawn to the inconvenience felt by Indian passengers on account of the train reaching Calcutta at 9 P.M.?

(c) Have any complaints been received by Government that the time when the train reaches Calcutta is inconvenient to Indian passengers on account of their inability to secure suitable food on the way and on account of the time when they reach home being too late for an Indian meal?

(d) Do Government propose to consider the desirability of changing the timing so as to make this train reach Calcutta in 25½ hours corresponding to the time taken by the outward journey?

(e) Has this subject been discussed in the Calcutta and the United Provinces Advisory Committees of the East Indian Railway? If not, do Government propose to discuss it?

The Honourable Sir Thomas Stewart: (a) and (d). It is not practicable for Government to take any part in arranging for train services on individual railways.

(b) and (c). No.

(e) Such matters are discussed by the Advisory Committees without reference to Government. The timings of the train in question were discussed at the Time Table Advisory Committee meeting held at Lucknow on the 13th January, 1937.

LOSS OF LIFE AND PROPERTY OF INDIANS IN CHINESE TURKISTAN.

768. *Mr. Manu Subedar: Will the Secretary for External Affairs please state:

(a) whether the reports of the loss of life and property to Indian residents in Chinese Turkistan have been seen by Government;

(b) whether there is a representative of His Majesty's Government in Sinkiang and, if so, whether any despatches have been received from him through His Majesty's Government or otherwise as to the present position in that territory; and

(c) what steps Government propose to take for safeguarding the life and property of Indians in those parts?

Sir Aubrey Metcalfe: (a) I do not know to what reports the Honourable Member refers. Some reports of loss of property to Indian residents have been received by Government, but I have seen no recent reports of loss of life.

(b) Yes.

(c) Strong representations have been and will continue to be made both to the Chinese Central Government and to the local authorities in Sinkiang.

IMPORTATION OF RADIOS AND RADIO PARTS.

769. *Mr. Manu Subedar: (a) Will the Honourable the Communications Member please state what is the importation of (i) radios, and (ii) radio parts, during the official year 1937-38 and during the current official year (up-to the latest date for which figures are available)?

(b) Have Government examined the possibility of assembling radios in this country?

(c) Has any representation been received by Government on this subject?

The Honourable Sir Thomas Stewart: (a) The attention of the Honourable Member is invited to the reply given by me on the 10th February, 1939, to part (a) of Mr. Mohan Lal Saksena's starred question No. 298.

(b) and (c). Government have recently received certain proposals on the subject which are at present under consideration.

PAY OF PROBATIONER TRAIN EXAMINERS ON THE NORTH WESTERN RAILWAY.

770. *Mr. Sham Lal: Will the Honourable the Railway Member be pleased to state:

- (a) whether it is a fact that in the year 1922, certain men were appointed by the North Western Railway Administration, as probationer Train Examiners, on a stipend of Rs. 110—10—130, *vide* Subsidiary Rule 2(15) of the Fundamental Rules;
- (b) whether it is a fact that these probationers, on completion of their satisfactory probation in 1925, were adversely affected, inasmuch as they were confirmed on the maximum of their probationary rate of pay, *viz.*, Rs. 130 and fitted in a lower grade, *viz.*, Rs. 75—5—130;
- (c) whether it is a fact that no warning at the time of appointment was given to these probationers that, on completion of their probationary period, they would be confirmed and fitted in a lower grade, *viz.*, Rs. 75—5—130 instead of on Rs. 150—10—250—disadvantageous to them; and
- (d) under which circumstances the probationer Train Examiners were debarred by the Agent from their proper grade, *viz.*, 150—10—250?

The Honourable Sir Thomas Stewart: (a) Yes.

(b) No. In 1922 there were two scales of pay in grade I, *viz.*, Rs. 75-5-130 and Rs. 110-10-130. The latter scale was abolished in 1925 and probationary train examiners recruited in 1922 on Rs. 110-10-130 were confirmed in 1925 as train examiners on Rs. 130, the maximum applicable to both scales of pay in that grade.

(c) No warning was called for.

(d) Promotion to the next higher grade, *viz.*, grade II (Rs. 150-10-250), is made by selection.

SHIFTING OF THE OFFICE OF THE DISTRICT COMMERCIAL OFFICER AT KHURDA ON THE BENGAL NAGPUR RAILWAY.

771. *Mr. K. S. Gupta: (a) Will the Honourable Member for Railways please state when the office of the D. C. O., Khurda, Bengal Nagpur Railway, was shifted from Waltair and why?

(b) When was the very office (D. C. O.) taken to Waltair and for what reasons?

(c) Are there any special reasons for this shifting and reshifting of the D. C. Os'. office from Khurda to Waltair and from Waltair to Khurda?

The Honourable Sir Thomas Stewart: (a) to (c). The office of the District Commercial Officer was transferred from Waltair to Khurda Road

in March, 1938, as commercial interests at Vizagapatam Harbour, on account of which this office was in June, 1927, moved from Khurda Road to Waltair, had developed to a stage at which a District Commercial Officer at Waltair was no longer necessary. Moreover, the greater portion of the District Commercial Officer's jurisdiction is in the province of Orissa, and it was considered desirable that he should have his office at a station nearer Cuttack, the capital of the province, to enable him to keep in touch with both the Orissa Government and mercantile interests.

ALLOTMENT OF QUARTERS IN THE SAIDPUR WORKSHOPS, EASTERN BENGAL RAILWAY, TO HINDUS.

772. *Mr. Muhammad Nauman: Is the Honourable Member for Railways aware of the fact that 99 per cent. quarters are allotted to Hindus in the Saidpur Workshops, Eastern Bengal Railway? If so, why?

The Honourable Sir Thomas Stewart: The reply to the first part is in the negative, and the second part does not, therefore, arise.

RECRUITMENT OF TRACERS AND DRAUGHTSMEN ON THE EASTERN BENGAL RAILWAY.

773. *Mr. Muhammad Nauman: (a) Will the Honourable Member for Railways be pleased to state how many Tracers and Draughtsmen were recruited on the Eastern Bengal Railway? How many Muslims have been absorbed against permanent vacancies? How many Muslims are still working as substitutes in casual leave vacancies with breaks in service?

(b) Is it not a fact that all Hindus recruited as Tracers and Draughtsmen on the Eastern Bengal Railway have been absorbed against permanent vacancies?

The Honourable Sir Thomas Stewart: (a) 51 tracers and 31 draftsman have been recruited since 1st April, 1936. One Muslim draftsman and three Muslim tracers have been made permanent, and five Muslim draftsmen and 13 Muslim tracers are at present working temporarily.

(b) No.

NON-PROMOTION OF MUSLIMS AS GUARDS AND STATION MASTERS IN THE PAKSEY AND KATIHAR DISTRICTS ON THE EASTERN BENGAL RAILWAY.

774. *Mr. Muhammad Nauman: (a) Is the Honourable Member for Railways aware of the fact that in the Paksey and Katihar Districts on the Eastern Bengal Railway no Muslim has been promoted to the posts of guards and station masters during the period from the year 1935 to 1938, and the Muslims who have been working as guards and station masters from 10 to 15 years have been declared unsuitable for the said posts and their names have never been forwarded to Traffic Selection Committees?

(b) If the reply to part (a) be in the negative, will the Honourable Member be pleased to mention the name and designation of Muslims who have been promoted as Guards and Station Masters in the Paksey and Katihar Districts on Eastern Bengal Railway during the period from the year 1935 to 1938?

The Honourable Sir Thomas Stewart: (a) As regards guards, on the Paksey District no Muslim was promoted as there was no one considered by the Selection Committee to be fit for such promotion. On the Katihar District four Muslims were promoted as guards, two in 1937 permanently and two in 1938 temporarily.

No Muslim was promoted to the post of station master as the only one sufficiently senior to be considered by the Selection Committee was not found suitable.

No Muslim guard or station master having ten to fifteen years' service has been declared unsuitable for the post held by him.

(b) Mohammad Afzal and F. Rahman (from the Crew Staff), A. Rauf (Ticket Collector) and A. Awal (Trains Clerk).

RUNNING OF THIRD CLASS DINING CARS ON RAILWAYS.

775. *Mr. S. Satyamurti: Will the Honourable Member for Railways please state:

- (a) whether any action is proposed to be taken to improve the catering arrangements for third class passengers and other Indian passengers who want Indian food travelling in second or first class;
- (b) whether there is any proposal to run good well furnished third class dining cars, supplying good food in long distance trains for passengers of all classes;
- (c) whether Government have examined the cost and the likely return on these proposals; and
- (d) whether Government are prepared to take immediate and effective steps in this direction; if not, why not?

The Honourable Sir Thomas Stewart: (a) I would refer the Honourable Member to the reply given to part (d) of Mr. Manu Subedar's starred question No. 572 of 2nd March, 1938.

(b) Railway Administrations already provide restaurant cars and buffet cars to cater for all classes of passengers on important services. The Honourable Member's attention is invited to details given on pages 116-118 in the Railway Board's Annual Report on Indian Railways for 1937-38, Volume I, a copy of which is in the Library of this House.

(c) It is not possible to estimate what additional traffic, if any, is attracted to the railways by the provision of these amenities.

(d) Does not arise.

**NON-GRANT OF BENEFITS OF PENSION TO MECHANICS AND MISTRIES.
EMPLOYED IN THE TELEGRAPH DEPARTMENT.**

776. *Mr. S. Satyamurti: Will the Honourable Member for Communications please state:

- (a) if it is a fact that mechanics and mistries employed in the Telegraph Department are not granted the benefits of pension;
- (b) whether telephone operators were granted this benefit three years ago;
- (c) whether Government have received any representations in this behalf from the mechanics and mistries;
- (d) whether Government are considering this question; and
- (e) when they propose to pass orders giving the benefit of pension to mechanics and mistries also; if not, why not?

The Honourable Sir Thomas Stewart: (a) to (d). Yes.

(e) Orders on the subject will issue shortly.

ATTEMPT TO DERAIL CERTAIN TRAINS ON THE EAST INDIAN RAILWAY.

777. *Mr. S. Satyamurti: Will the Honourable Member for Railways please state:

- (a) whether it is a fact that an attempt was made to derail trains by placing two big heavy stones on the Up line between Koilikhuntah and Gomudham stations on the Bhagalpur-Dhownee Mandar Hill Branch of the East Indian Railway on or about 8th February, 1939;
- (b) what are the facts ascertained in respect of this matter by Government;
- (c) whether it is a fact that a similar incident happened, in which an attempt was made at removing eight fish-plates from the Down line between Jamui and Gidhaur on the East Indian Railway about a fortnight ago while the 14 Down Express was about to cross that spot; and
- (d) whether Government have considered the question of taking special steps in co-operation with Provincial Governments concerned for protecting the line in this area in view of the frequent accidents in the past?

The Honourable Sir Thomas Stewart: (a) and (b). Government understand that the facts are as stated by the Honourable Member and that the Police have immediately started investigation under section 128 of the Indian Railways Act. The date of the occurrence was 6th February, 1939.

(c) I would refer the Honourable Member to the reply given to Sardar Mangal Singh's starred question No. 426 of the 15th February, 1939.

(d) I would refer the Honourable Member to the reply given to parts (d) and (e) of his starred question No. 649 of the 24th February, 1939.

DAY PROGRAMMES FOR THE MADRAS BROADCASTING STATION AND POSITION REGARDING THE USE OF BROADCASTING FOR POLITICAL PROPAGANDA, ETC.

778. *Mr. S. Satyamurti: Will the Honourable Member for Communications please state :

- (a) when it is proposed to enable the Madras All-India Radio station to give all day programmes;
- (b) what are the numbers of licences which were in existence at the time the station was opened;
- (c) what are the numbers of licences now in the City of Madras;
- (d) whether Government are still of opinion that there should be no kind of advertisements through broadcasting, or any kind of commercial broadcasting; if so, why;
- (e) whether Government have recently reconsidered their position that broadcasting should not be used for political propaganda;
- (f) whether the attention of Government has been drawn to the statement of Mr. Lionel Fielden to the effect:

“that the undertaking of Government that all subjects of political or industrial controversy should be avoided is one which must deny vitality to broadcasting in a country where politics are the breath of life”. *Madras Mail*, 3rd February 1939; and

- (g) whether Government propose to reconsider the whole position; if not, why not?

The Honourable Sir Thomas Stewart: (a) The matter is under consideration.

(b) and (c). The Station opened on the 16th June, 1938, and the number of licences issued in Madras city and in force on 31st May 1938, was 1,084: the number on 31st December, 1938, was 1,667.

(d) Yes. Government consider it the soundest and most wholesome policy in all the circumstances of broadcasting in India.

(e) No.

(f) Yes.

(g) No, Sir. Government adhere to the view, many times expressed before, that the time is not yet ripe for a change involving so many fundamental and important difficulties.

DISCOURTESY OF THE BENGAL AND NORTH WESTERN RAILWAY AUTHORITIES TO THE MEMBERS OF THE BIHAR LABOUR ENQUIRY COMMITTEE.

779. *Babu Kailash Behari Lal: Will the Honourable Member for Railways please state :

- (a) if Government are aware that the members of the Bihar Labour Enquiry Committee appointed by the Bihar Government have been treated with discourtesy by the authorities of the Bengal and North Western Railway; and
- (b) if the authorities of the Bengal and North Western Railway have not co-operated with the Bihar Labour Enquiry Committee during their recent visit to North Bihar for obtaining evidence regarding labour conditions?

The Honourable Sir Thomas Stewart: (a) and (b). No. There appears to have been some misunderstanding due to no reference having been made either by the Committee or the Provincial Government to the Agent and General Manager of the Railway who has since explained the position to the Provincial Government.

NON-FURNISHING OF CERTAIN INFORMATION BY THE EAST INDIAN RAILWAY TO THE BIHAR UNEMPLOYMENT COMMITTEE.

780. *Babu Kailash Behari Lal: Will the Honourable Member for Railways be pleased to state :

- (a) if it is a fact that the Bihar Unemployment Committee requested the different Railways to furnish certain figures and information regarding unemployment of Biharis;
- (b) if it is a fact that all other Railways, except the East Indian Railway, furnished the information required by the Unemployment Committee;
- (c) what was the information and figures that the Unemployment Committee wanted from the Railways; and
- (d) why the East Indian Railway did not furnish the information required by the Unemployment Committee?

The Honourable Sir Thomas Stewart: (a) to (d). Government have no information as regards any Railway other than the East Indian, the General Manager of which states that he was asked by the Director of Industries, Bihar, for particulars to be given in a form sent by the Director. I am laying on the table a copy of this form. The General Manager has already arranged for the compilation of such information as is available in regard to the larger workshops. In advising the Director of Industries to this effect, the General Manager also stated that he could not collect details in respect of all the small workshops, running sheds etc., or give the information required in columns 3, 5, 6 and 7 of the form, as this would have involved much extra labour.

Statement showing the details of posts and persons employed.

[illegible]

CONSTITUTION OF THE POSTAL INSURANCE FUND.

781. *Mr. Akhil Chandra Datta: (a) Will the Honourable Member for Communications please state what the constitution of the Postal Fund is?

(b) Is it a Government concern? Are Government liable to make good the loss if the policy-holders incur any?

(c) Is there a separate staff to work for that Fund? Are the postal employees required to do any work for running the Fund? To whom are the advantages of the said Fund available?

(d) Is the said Fund exempted from payment of (i) postage, (ii) special adhesive policies and (iii) income-tax on profit?

(e) Are all material facts of the Fund published in the Indian Year Book (Insurance)?

(f) Are the balance sheets and valuation reports of the Fund published?

(g) Will Government be pleased to lay on the table the last balance sheet and valuation report of the Fund?

The Honourable Sir Thomas Stewart: (a), (b) and (c). The Post Office Insurance Fund was instituted by the Government of India for the benefit of Government and some quasi-Government employees, and is administered by the Director General of Posts and Telegraphs. The policies issued guarantee the policy holders the payments due on the policies. The Fund meets the cost of administration by the Posts and Telegraphs Department as well as the cost of the separate staff maintained by the Audit Department.

The Rules of the Post Office Insurance Fund, a copy of which is in the Library, contain the necessary details about categories of persons eligible to the benefits of the Fund.

(d) (i) No.

(ii) I am unable to follow the question.

(iii) Yes.

(e) Yes.

(f) and (g). A summary of the valuation report is published in the Indian Insurance Year Book, 1937, a copy of which is in the Library of the House. The accounts of the Fund are published in the Annual Report of the Director General of Posts and Telegraphs, copies of which are also in the Library of the House. The preparation of the balance sheet is considered unnecessary.

LICENCE FEE DEMANDED FROM THE HINDU REFRESHMENT ROOM
CONTRACTORS AT DELHI.

782. *Mr. Satya Narayan Sinha: Will the Honourable Member for Railways please refer to the reply given to part (a) of unstarred question No. 112, asked on the 23rd March, 1938, and state:

(a) whether it is a fact that Hindu refreshment room contractors at Delhi have been called upon to pay the licence fees for 1939-40;

- (b) whether European and other Indian contractors have also been called upon to pay the said fees; if not, the reasons therefor and for such differential treatment on one and the same Railway;
- (c) whether it is a fact that the Hindu refreshment room contractors at Delhi represented to the General Manager, North Western Railway, in the spirit of the reply given to part (a) of unstarred question No. 126, asked on the 28th March, 1938, and prayed to withhold payments till such time a decision by the Government is made;
- (d) whether it is a fact that the Divisional Superintendent, Delhi, forwarded the said representation with a strong recommendation to withhold payments and also to refund the payments made by them since February, 1937;
- (e) whether it is a fact that the General Manager, ordered that in case they do not make the payments, their contract should be given to the largest vending contractor of Delhi station and thereby to terminate their contract; if so, under what rules, regulations or policy;
- (f) the reasons for charging this particular contractor the fees year by year when no other European or Indian refreshment room contractors are charged; and
- (g) whether Government now propose to exempt this contractor from the payments; if not, why not?

The Honourable Sir Thomas Stewart: (a) and (b). No.

(c) Yes.

(d) Yes, except that there was no recommendation to the effect that payments made in the past should be refunded.

(e) to (g). Do not arise, in view of the reply given to parts (a) and (b) above.

VENDING AND REFRESHMENT ROOM CONTRACTS ON THE NORTH WESTERN RAILWAY.

783. *Sardar Sant Singh: Will the Honourable Member for Railways please state :

- (a) whether the General Manager, North Western Railway, laid down the policy that vending and refreshment room contracts should not be given to one and the same contractor;
- (b) whether the General Manager in December, 1938, or in January, 1939, has ordered that vending contracts should not be given in the name of a firm;
- (c) whether that policy and that order are carried out by the Divisional Superintendents; if not, why not; and
- (d) whether Government propose to give effect to that policy and that order on other State-managed Railways also; if not, why not?

The Honourable Sir Thomas Stewart: (a) and (b). No.

(c) and (d). Do not arise.

LEVY OF LICENCE FEE ON INDIAN REFRESHMENT ROOMS ON THE NORTH WESTERN RAILWAY.

784. *Sardar Mangal Singh: Will the Honourable Member for Railways please refer to the reply given to part (a) of unstarred question No. 126, asked on the 28th March 1938 and state the result of the decision by the Government on the policy to be generally followed in respect of the proposals for the levy of licence fees on contracts?

The Honourable Sir Thomas Stewart: The matter is under consideration.

GRIEVANCES OF THE EAST INDIAN RAILWAY STAFF SERVING IN THE DELHI DIVISION.

785. *Sardar Mangal Singh: Will the Honourable Member for Railways please refer to the reply given to unstarred question No. 109, asked on the 29th November, 1938 regarding grievances of the East Indian Railway staff serving in the Delhi Division, and state the date on which the promised information was published in the Debates of this Honourable House and the reasons for its delay?

The Honourable Sir Thomas Stewart: The information was sent to the Legislative Assembly Department on the 23rd instant. The delay was due to the particulars asked for by the Honourable Member not being readily available.

ACCEPTANCE OF TENDERS ON THE BENGAL NAGPUR AND MADRAS AND SOUTHERN MAHRATTA RAILWAYS.

786. *Mr. K. S. Gupta: (a) Will the Honourable Member for Railways please state if it is a fact that the lowest tenders for works on the Bengal Nagpur Railway and Madras and Southern Mahratta Railway are generally accepted?

(b) What is the object of the following clause in the notice for calling of tenders from contractors "It is not binding on the District Engineers to accept tenders offered on low rates and option lies with the District Engineer"?

The Honourable Sir Thomas Stewart: (a) Government have no information but such a practice would be consistent with the rules.

(b) The right to reject a tender without assigning a reason is a usual provision in the terms of any call for tenders, as it may happen that the lowest tender received is not acceptable for reasons such as the capability or financial status of the tenderer.

UNIFORMS SUPPLIED TO CERTAIN STAFF ON THE NORTH WESTERN RAILWAY.

787. *Mr. Lalchand Navalrai: Will the Honourable Member for Railways be pleased to state on what basis uniforms are supplied to the station staff and the staff working in yards by the North Western Railway? Do

Government propose to supply the train clerks with suitable uniforms? If not, why not?

The Honourable Sir Thomas Stewart: Uniforms, overcoats and waterproof coats are issued to such of the staff referred to:

- (i) whose duties bring them into contact with passengers, to facilitate their being easily identified;
- (ii) whose duties expose them to extreme cold or to rain on sections where the rainfall is heavy.

Train clerks are given overcoats on all sections, and waterproof coats if posted to areas with a heavy rainfall. There is no justification for the supply of uniforms to them as their duties do not require them to have any dealings with passengers.

MEMORIAL OF TRAIN CLERKS OF THE NORTH WESTERN RAILWAY.

788. *Mr. Lalchand Navalrai: (a) Will the Honourable Member for Railways be pleased to state what action has been taken by the General Manager, North Western Railway, Lahore, on the memorial of the train clerks submitted to him on the 15th January, 1939, which is also published in the *Daily Tribune*, Lahore, of the 19th January, 1939, on page 12, *Daily Herald*, Lahore, of the 4th February, 1939, on page 6?

(b) Is it a fact that train clerks are promoted as Yard Foremen on the same pay and grade after competing with menial shunting staff who are often given priority over train clerks? If so, do Government propose to stop this process in the interests of the train clerks?

(c) Is it a fact that the promotion for special Ticket Examiner's job is purely reserved for ticket collectors? If so, why are they allowed to share with the train clerks for the promotion of guards?

The Honourable Sir Thomas Stewart: (a) The memorials are under consideration by the General Manager.

(b) Yes, but the competition is confined to the lowest grade of Yard Foremen and priority is determined by merit. The reply to the latter part is in the negative.

(c) The reply to the first part is in the affirmative. As regards the second part, Government see no reason why a ticket collector should not be eligible for the post of a guard.

SYSTEM OF STATION TO STATION RATES REGISTERS ON RAILWAYS.

789. *Bhai Parma Nand: (a) Will the Honourable the Railway Member please state if it is a fact that the system of station to station Rates Registers, introduced over the North Western Railway as an experimental measure in 1929, was scrutinised by the Wedgwood Committee and was recommended by them to be adopted universally over all the Railways in India to derive full benefits of the scheme?

(b) Were these recommendations further scrutinised by the Indian Railway Conference Association and accepted by them in their last autumn conference?

(c) How many railways have adopted the scheme?

(d) Has the scheme, in force over the North Western Railway since 1929, been confirmed? If so, from which date?

(e) What is the strength of the staff employed on this scheme over the North Western Railway, including officers? How many of them are temporary? Were they all appointed for this scheme?

(f) Have these temporary men been confirmed? If so, when? If not, will Government be pleased to state the reasons for this delay and whether they propose to take early steps to confirm these men?

The Honourable Sir Thomas Stewart: (a) and (b). Yes.

(c) Of the State-managed Railways, the North Western Railway has adopted the scheme. As regards the Company-managed Railways, Government understand that the Assam Bengal Railway have taken action for the introduction of Rate Registers.

(d) Yes, from 1st April, 1938.

(e) The total strength of the staff is 35. No officer is exclusively employed on this work. 22 are temporary. Government have no information as to whether these men were originally appointed in connection with the preparation of Rate Registers.

(f) No. Government understand that the question of their confirmation is under examination and that a final decision will be reached shortly.

ADVERSE TREATMENT OF THE OLD EAST INDIAN RAILWAY STAFF TRANSFERRED TO THE NORTH WESTERN RAILWAY.

790. *Bhai Parma Nand: (a) Will the Honourable Member for Railways be pleased to state when the D. U. K. portion of the North Western Railway was taken over by the North Western Railway from the East Indian Railway?

(b) Did the North Western Railway take over any Station Masters or Assistant Station Masters, as well at the time of transfer of the control from the East Indian Railway to the North Western Railway?

(c) If so, how many and on what conditions?

(d) Has any of them ever been promoted to Station Master's grade 'C' (110—5—140), or have they been kept junior to the North Western Railway staff?

(e) Is it a fact that the then administration advanced an assurance to these Station Masters or Assistant Station Masters that their seniority will be fixed in accordance with the number of years of permanent service they had rendered in the grade and not with reference to the rate of pay they might be drawing?

(f) If so, has any representation been made in Delhi Division by the old East Indian Railway staff due to adverse treatment? If so, what action was taken in the matter?

The Honourable Sir Thomas Stewart: (a) 1st April, 1925.

(b) Yes.

(c) 42 Station Masters and 111 Assistant Station Masters were taken over by the North Western Railway on the understanding that they would be returned to the East Indian Railway as vacancies on that line permitted. As up to April, 1927, the East Indian Railway had taken back only a very small number, the North Western Railway Administration decided to give the remaining staff the option of either remaining permanently on the North Western Railway on the scales of pay in force on that line or being

available for transfer to the East Indian Railway as opportunity offered. In the latter case, they would continue to be on the scales of pay in force on the East Indian Railway and could not look for advancement on the North Western Railway.

(d) Two were temporarily promoted: one of these has since retired, and the other has been reverted.

(e) and (f). I have called for certain information and will place a further reply on the table of the House when it is received.

APPOINTMENT OF WIRELESS INSPECTORS IN THE UNITED PROVINCES POSTAL CIRCLE.

791. *Bhai Parma Nand: (a) Will the Honourable Member for Communications be pleased to state if it is a fact that five temporary posts of Wireless Inspectors and one temporary post of Wireless Investigating Inspector are sanctioned for the United Provinces Circle, and whether four of these appointments have been conferred on Christians and two on Muslims? If so, on which date or dates were these appointments made, and why was no Hindu appointed?

(b) Is it also a fact that the Director General's orders were that the appointments should be made in the following order of preference:

- (a) retired or retrenched men of Telegraph Engineering;
- (b) retired or retrenched men of Telegraphs;
- (c) retired or retrenched men of Post Offices;
- (d) outsiders?

(c) Is it also a fact that the Director General's orders were to observe communal rotation in making these appointments?

(d) Is it a fact that some retired Hindu Post Office officials who possessed all necessary qualifications, applied for the posts?

(e) Is it a fact that out of those who have been appointed, one is an outsider (i.e., not a retired hand) and one is an official who went on invalid pension? If so, why were these officials selected as against physically strong and active retired and retrenched Post Office officials who were duly qualified for the appointment?

(f) Will Government also be pleased to state why the majority community was ignored in making these selections, and whether they are now prepared to review the selection orders? Is it also a fact that Anglo-Indian officers form the majority of the Selection Board members of the Postmaster General's office, United Provinces?

The Honourable Sir Thomas Stewart: (a) The reply to the first two parts is in the affirmative. All these appointments were made between the 22nd January, 1937, and 22nd September, 1938. No Hindu was appointed because other candidates were considered more suitable.

(b) The orders are that in filling the posts preference should always be given to retired Telegraphists, Telegraph Masters, Engineering and Wireless Supervisors, Telephone Operators and Inspectors of Post Offices who are vigorous, active and suitable but that suitable recruits from outside may be appointed.

(c) Yes, in making appointments of Wireless License Inspectors.

(d) The few retired Hindu Post Office officials who applied for the posts of Wireless License Inspectors were not considered suitable.

(e) Yes. They were appointed because they were regarded as the most suitable. The official who retired on invalid pension had been subsequently declared as physically fit by the Civil Surgeon.

(f) As regards the first part of the question the Honourable Member is referred to the reply given to parts (a) and (e). The reply to the second and third parts is in the negative.

LIST OF ASSISTANTS AND CLERKS FIT FOR PROMOTION IN THE OFFICE OF THE DIRECTOR GENERAL OF POSTS AND TELEGRAPHS.

792. *Maulana Zafar Ali Khan: (a) Will the Honourable the Communications Member please state whether it is a fact that Mr. Ghulam Muhammad, while investigating into the reorganisation of the office of the Director General of Posts and Telegraphs prepared a list of efficient Assistants, Second Division clerks and Third Division clerks fit for promotion to the grades of Superintendents, Assistants and Second Division clerks, respectively, and handed over the same to the Director General?

(b) Is it also a fact that he prepared the said lists in consultation with the Sectional Officers of the Directorate after going through the personal files and character sheets of each and every official?

(c) Were the said lists (in original) placed before the Secretary, Communications, along with the Report of Mr. Ghulam Muhammad for orders?

The Honourable Sir Thomas Stewart: (a) and (b). Yes.

(c) I am not prepared to discuss what departmental action was taken.

GRANT OF PENSIONABLE STATUS TO CERTAIN STAFF IN THE POSTS AND TELEGRAPHS DEPARTMENT.

793. *Maulana Zafar Ali Khan: (a) Will the Honourable Member for Communications please state whether it is a fact that the question of grant of pensionable status to non-pensionable personnel of the Posts and Telegraphs Department has been under the consideration of Government for a very long time?

(b) If the reply to part (a) be in the affirmative, will Government kindly state how the case exactly stands at present?

(c) Will Government kindly state how long more will they take to come to a final decision?

The Honourable Sir Thomas Stewart: (a) to (c). I would refer the Honourable Member to the reply I have given today to Mr. Satyamurti's starred question No. 776.

NON-GRANT OF AN ALLOWANCE TO THE ASSISTANTS IN CHARGE OF CERTAIN SECTIONS IN THE OFFICE OF THE DIRECTOR GENERAL OF POSTS AND TELEGRAPHS.

794. *Maulana Zafar Ali Khan: (a) Will the Honourable Member for Communications please state whether it is a fact that the Assistants in charge of Rates and Cash sections of the office of the Director General of Posts and Telegraphs do not get any charge allowance or increase in pay?

(b) Is it a fact that the Assistants in charge have to supervise the work of the sections concerned, submit weekly and monthly lists, etc., like the Superintendents of other sections of the office?

(c) Is it a fact that the Accountants recently imported in the office of the Director General of Posts and Telegraphs from the Audit Office get an allowance of Rs. 30 per mensem without having any supervision work to do?

(d) Is it a fact that the Accountants in charge of Budget and Statistics sections of the office of the Director General of Posts and Telegraphs get an allowance of Rs. 100 and Rs. 50 respectively, per mensem?

(e) If the replies to the preceding parts be in the affirmative, will Government kindly state the reasons for not granting an allowance or increase in pay to the Assistants in charge of Rates and Cash sections?

The Honourable Sir Thomas Stewart: (a) and (b). Yes.

(c). Yes but only Senior Accountants get a special pay of Rs. 30 per mensem.

(d) Yes.

(e) Because Government do not consider any allowance or increase in pay justified having regard to the nature of the duties and responsibilities involved.

THE BUDGET FOR 1939-40.

The Honourable Sir James Grigg (Finance Member): Sir, one of the few satisfactory features about the budgetary history of the year 1938-39 was the fact that when I originally presented my proposals to the House I prefaced my remarks with the warning that India was a disappointing country for prophets and thereby forestalled possible future accusations of inaccurate budgeting. This anticipatory caution on my part is in keeping with the practice of one of the greatest of Chancellors of the Exchequer, who always inserted safeguarding or hedging phrases in his speeches, so that when Opposition Members tried to quote him against himself he could safely invite them to read the full text, secure in the knowledge that the precautionary words would be there. But in anything so serious as my last Budget speech I must not be flippant, and so I plunge without further ado into the flood of prosaic facts and figures which I have to put before you.

FINANCIAL YEAR 1937-38.

2. In our revised estimates for 1937-38 we anticipated that we should need to draw Rs. 1,09 lakhs from the Revenue Reserve Fund in order to balance our accounts, leaving in the Fund Rs. 75 lakhs to be carried forward to 1938-39. The actual amount required was however only Rs. 78 lakhs, for expenditure was Rs. 9 lakhs less than the revised estimates and revenue Rs. 22 lakhs better. The main variations in revenue were increases of Rs. 83 lakhs from Taxes on Income (including Rs. 43 lakhs on account of Corporation Tax) and Rs. 14 lakhs in the net receipts from Posts and Telegraphs, counterbalanced by decreases of Rs. 82 lakhs under Customs and Rs. 10 lakhs in Mint profits. The rather spectacular increase in receipts from Taxes on Income seems to have been partly due to an acceleration of the process of assessment and partly to overcautious estimating at a time when trade activity was diminishing.

The main benefit of the Income Tax (as opposed to the Corporation Tax) part of the increase accrued of course to the Provinces and so augmented their share of the divisible pool under the Niemeyer Award. In our revised estimates for 1937-38 we assumed that this share would be Rs. 1,38 lakhs but in the middle of March of that year it looked as if Railway receipts were declining and we therefore decided to distribute Rs. 1,25 lakhs only. In the event however the reduction in the Railway surplus was no more than Rs. 8 lakhs while on the other hand the divisible pool of Income Tax increased by Rs. 33 lakhs so that the true Provincial share of Income Tax turned out to be Rs. 1,63 lakhs. Thus against the additional Rs. 31 lakhs available in the Revenue Reserve Fund we must set off this balance of Rs. 38 lakhs of Income Tax which will have to be paid to the Provinces together with the amounts to be distributed on account of the current year.

The fall in customs revenue was general. As was mentioned in my Budget Speech last year the previous upward movement had come to a halt in January and there soon developed a decline which was steeper than anything we anticipated. A rapid falling off in the import trade accounted for the shortfall, in the closing months of the last financial year, of Rs. 82 lakhs and revealed the tendency which was to become so marked a feature of the first half of the current financial year.

FINANCIAL YEAR 1938-39.

3. Our revised estimates for the current year show a net deterioration of Rs. 2,92 lakhs in revenue, and this is more than accounted for by the severe fall in the receipts from Customs Duties. At the time of framing the Budget we had, it is true, anticipated a reversal of the previous rise and had accordingly reduced our estimates by Rs. 60 lakhs as compared with the revised figure for 1937-38. But the trade recession was much sharper than we feared though happily it showed signs of being shorter than usual. Its effects on the customs revenue in consequence proved much worse than we had had reason to expect and reduced the receipts in the earlier months of the year to such an extent that though there has since been a certain improvement, the reduction over the year is now estimated at Rs. 3,67 lakhs. Under expenditure there is a net diminution of Rs. 18 lakhs made up of a reduction of Rs. 1,18 lakhs in the Civil estimates mainly due to the special economy measures, counter-balanced by an increase of Rs. 1,00 lakhs for the Defence Services. The result is that instead of realising a surplus of Rs. 9 lakhs we have to reckon on a deficit of about Rs. 2,65 lakhs.

Revenue.

4. Apart from the shortage of Rs. 3,67 lakhs under Customs referred to above the other main changes in the budget figures are decreases of Rs. 18 lakhs under Currency and Mint and of Rs. 51 lakhs in the Railway contribution, as against improvements of Rs. 49 lakhs under Central Excise Duties, Rs. 32 lakhs under Corporation Tax, Rs. 47 lakhs under Taxes on Income other than Corporation Tax and Rs. 8 lakhs under Opium. Let me explain these variations in more detail.

5. *Customs and Central Excise Duties.*—As I have already said there is a total shortage of Rs. 3,67 lakhs under Customs and an excess of Rs. 49 lakhs under Central Excise Duties. Under Customs the steady increase in the imports of machinery has provided Rs. 21 lakhs more than our estimates, and imports of raw cotton, which were expected to yield Rs. 60 lakhs, are now expected to provide Rs. 20 lakhs more. But under most of the other heads there has been a shortfall, which is particularly heavy in the case of artificial silk fabrics and yarn and certain other textile items including cotton fabrics.

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of British manufacture. It is worth while to observe that, from the purely revenue point of view, the replacement of imports of consumers' goods by imports of plant and raw material of an equivalent value but subject to lower rates of duty results in a lower yield. This factor has been in operation concurrently with the setback in international trade. The yield of the export duty on jute, both raw and manufactured, though low in the first months of the year, has made a marked recovery and is now expected to reach the budget figure of Rs. 4,20 lakhs, so that the payments made on this account to the jute-growing Provinces are also likely to reach the budget estimates. Our revised estimates for motor spirit and kerosene, taking customs and excise together, are very much lower than the budget estimates but are still Rs. 24 and Rs. 6 lakhs respectively above the actuals of the previous year. Under Central Excise Duties the main rise has been under Sugar, where in spite of a smaller volume of factory production, high prices and under-stocked markets have stimulated the rapid clearance of finished sugar, and have incidentally provided an eloquent refutation of most of the arguments which were levelled against the increase of the excise duty two years ago.

6. *Taxes on Income*.—Our total revised estimate including Corporation Tax and other elements entirely Central is Rs. 16,04 lakhs compared with the budget estimate of Rs. 15,25 lakhs. The rise of Rs. 79 lakhs is of course a reflection into 1938-39 of the improvement which took place in the closing months of 1937-38. It includes increases of Rs. 32 lakhs under Corporation Tax and Rs. 12 lakhs in the portion attributable to the emoluments of officers serving under the Central Government and to centrally administered areas. The remaining Rs. 35 lakhs go to increase the pool of income-tax to be divided among the Provinces, but, as Honourable Members have learnt from the Railway Member, the estimated contribution from the railways to central revenues has been reduced from Rs. 2,56 lakhs to Rs. 2,05 lakhs and the amount payable to the Provinces on account of this year accordingly becomes Rs. 1,12 lakhs as compared to the budget forecast of Rs. 1,28 lakhs. On the other hand there is, as I have explained, a carry forward of Rs. 38 lakhs which will raise the total to be distributed to Rs. 1,50 lakhs.

7. *Other Revenue Heads*.—There is a small decrease of Rs. 2 lakhs under Salt, and an increase of Rs. 8 lakhs under Opium owing to increased demands for excise opium from Provincial Governments and Indian States. Under Mint there is a decrease of Rs. 27 lakhs, the profits from the circulation of small coin having declined. In the first seven months of the year there was a particularly heavy return of all denominations of nickel coin, partly by way of reaction to the exceptionally heavy demand of the year before and partly as a result of the general decline in trade; and though this return of coin has since November given place to seasonal absorption on a normal scale, the amount of nickel and bronze coins passed into circulation during the year will now be a great deal less than anticipated. The variation under Currency is due to an increase of Rs. 10 lakhs in the Government's share of the Reserve Bank's profits.

8. *Posts and Telegraphs*.—The budget and revised estimates for the Posts and Telegraphs Department are as follows :—

	Budget, 1938-39.	Revised, 1938-39.
	(In lakhs).	
Gross receipts	11,70	11,52
Working expenses and interest charges	11,70	11,51

Indications of decline in revenue appeared early in the year, and steps were immediately taken to effect such reductions in expenditure as could be made without curtailing the existing facilities to the public. New projects were postponed and certain desirable activities, provision for which had been made in the budget, had to be abandoned. Thus, although we anticipate a fall of Rs. 18 lakhs in revenue we are still able to hope that the Department will end the year with a balanced account.

Expenditure.

9. *Defence Services.*—The only increase on the expenditure side of the 1938-39 estimates arises under Defence Services which are expected to cost Rs. 1,00 lakhs more than the Budget estimate of Rs. 45,18 lakhs. The sum of Rs. 1,00 lakhs is the net result of increases aggregating Rs. 2,16 lakhs, and reductions totalling Rs. 1,16 lakhs. The main items of increase are :—

Improved conditions of service for British military personnel consequent on decisions taken by His Majesty's Government	Rs. 1,15 lakhs.
Waziristan operations	Rs. 45 lakhs.
Increased requirements of Ordnance Services	Rs. 32 lakhs.

As regards the first item, I should explain that it includes a sum of Rs. 25 lakhs which is still the subject of discussion with His Majesty's Government.

The principal decreases are :—

Abandonment of the scheme for the conversion of 4 British Battalions into Machine Gun Units	Rs. 48 lakhs.
Slowing-down of the programme of mechanization of British Cavalry Units and of other reorganisation measures	Rs. 26 lakhs.
Withdrawal of 4 British Battalions	Rs. 16 lakhs.

10. *Civil Estimates.*—In connection with the decrease of Rs. 1,18 lakhs in the Civil estimates it will be appropriate if I give a brief account of the various economy measures undertaken by Government during the course of the present year in order to reduce the deficit that was bound to occur once customs receipts began to show a serious decline. As long ago as last April, when the recession in trade showed the first indications of hardening into a considerable depression, all new schemes, even though they had been provided for in the Budget, were ruthlessly excised, and orders were issued that no proposal for fresh expenditure would be entertained unless it was absolutely inescapable or definitely remunerative. As the trade recession deepened and our customs revenue declined still further, a special committee of Secretaries, presided over by the Home Member, was set up to examine expenditure in detail and to propose further economies in the sanctioned grants. As an emergency measure orders were issued restricting officiating promotions and the recruitment of outsiders. Grants for travelling allowance and contingencies were cut by ten per cent, and all possible economies that did not involve the retrenchment of permanent staff or the cessation of valuable activities on the part of Government institutions were enforced. As the result of these measures savings amounting to Rs. 1,18 lakhs were achieved. After deduction of that part of the savings relating to the Posts and Telegraphs Department which went to balance the decrease in their receipts and so made no net contribution to our problem, the revised estimates show a net reduction of Rs. 94 lakhs as compared with our budget estimates. This is

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spread over practically all heads, though the largest reduction appears under Civil Works owing to the abandonment or postponement of building projects previously sanctioned.

11. *Interest.*—The remainder of the reduction in expenditure is accounted for by a net diminution of Rs. 24 lakhs under the Interest head. In the first place there is a reduction of Rs. 48 lakhs on account of Bonus on Post Office Cash Certificates. As the House knows, our disbursements on this account have been exceptionally heavy in recent years with the result that the fund maintained to assist in meeting this liability had become exhausted. Accrued interest on certificates presented for encashment has had therefore to be met entirely from revenue. Contrariwise a reduction in the accrued interest payable produces a direct budget saving. During the present year not only has there been a diminution in the volume of certificates presented for payment but many of those presented have carried a lower rate of interest. A further element is a saving of Rs. 18 lakhs in interest on Postal Savings Bank Deposits due to the reduction in the rate of interest last December from 2 per cent to $1\frac{1}{2}$ per cent. This rate is still $\frac{1}{2}$ per cent above that payable by the Imperial Bank, and we considered that the reduction might be made without materially affecting the steady increase in these Savings Bank Deposits, the outstanding balance of which has risen from Rs. 43 crores in 1933 to over Rs. 77 crores at the beginning of this financial year. Against these reductions there has been an increase of Rs. 26 lakhs in the discount on Treasury Bills due mainly to the higher rates of interest now current in the bill market, and various minor additions which I need not particularise.

Position as at 31st March 1939.

12. So on the basis of these figures we are faced with a deficit of Rs. 2,65 lakhs in the current year. As the amount provided for the reduction or avoidance of debt was Rs. 3 crores, this means that there will virtually be no debt repayment from revenue during the year though fortunately there will be no net addition to indebtedness. However in this connection I may point out with a certain consciousness of rectitude that, according to the decision explained in my Budget Speech last year, the sum of Rs. 1,02 lakhs paid to general revenues on the 1st April 1938 out of the balance in the Renewals Reserve Fund of the Posts and Telegraphs Department has been taken to reduction of debt outside the revenue account, whereas it might have been shown in reduction of our current deficit. If the latter course had been followed we should have exposed a deficit of only Rs. 1,63 lakhs.

FINANCIAL YEAR 1939-40.

13. I come now to the financial year 1939-40. Our total revenue estimates amount to Rs. 82,15 lakhs as compared to Rs. 83,00 lakhs in the revised estimates for this year.

Revenue.

14. *Customs and Central Excise Duties.*—Next year's budget estimate for customs is Rs. 40,10 lakhs against the current year's revised of Rs. 40,14 lakhs. It has, however, been decided on the recommendation of the Public Accounts Committee that with effect from next year the amount payable to the States of Cochin and Travancore as their share of the customs revenue of the Cochin Port is to be treated as a deduction from revenue and not as expenditure. This involves a reduction of Rs. 39 lakhs under both revenue and expenditure and so we are really budgeting under customs for an increase of Rs. 35 lakhs. This is based on the assumption of increasing yields from such items

as petrol and machinery, which continue to show a steady growth in spite of fluctuations in trade conditions, and of further reductions in the receipts from artificial silk fabrics and yarns and other textile fabrics. For the rest we have taken no more than the revised estimates for the current year. There are signs, notably the revival of confidence in the stock and commodity markets that took place last June, and the improvement in the foreign trade position that has continued since then, that the present depression will not be so prolonged as the last and should in the ordinary course give way to a general trade revival. On the other hand there is the continued uncertainty of the international political situation, and it would perhaps be unduly optimistic to count on any marked revival in time to affect materially the accounts of next year. Thus, though the customs returns of the last few months have shown an improvement on those of the earlier part of the year, and the figures for India's favourable balance of trade have been consistently better than those of the corresponding months of the previous year, conditions do not appear to justify our raising our general estimates above the level of the returns of the current year.

15. Our estimates for Central Excise duties, which amount to Rs. 8,23 lakhs, also follow our revised estimates except for minor variations. The main component of this figure is the estimate of Rs. 4,00 lakhs from the duty on sugar. I have adopted Rs. 4,00 lakhs as a nominal figure on a review of various conflicting considerations and in conjunction with a figure of Rs. 20 lakhs, also largely nominal, which has been included in the Customs estimates. I am aware that the outturn of the cane crop for the present crushing season points to a considerable shortage in the production of factory sugar during that season. On this basis it would be reasonable to adopt a much lower forecast of the yield of the excise. The financial year however bestrides two crushing seasons and there are other elements of uncertainty in the situation. In the first place, the continuance of high prices for refined sugar must have a depressing effect on the volume of consumption. Secondly, a shortage of factory production can be made up by an expansion of *khandsari* production as well as by imports of foreign sugar. To the extent that *khandsari* production supplies the deficiency the result is that little or no compensation accrues to the revenue for the loss of the excise from factory sugar. On the other hand, imports of foreign sugar more than compensate for the loss of revenue from indigenous supplies. On a careful review of the various conflicting and indeterminate factors in the problem I have come to the conclusion that I should not be justified in assuming a total revenue from both Excise and Customs duties on sugar of more than Rs. 4,20 lakhs. I have not made any attempt at a precise apportionment of the revenue to these two heads; the figures under Excise and under Customs are alike nominal. I do however attach considerable importance to the gross figure which represents a considered decision of what we can safely expect from this source.

16. It will be convenient at this point to say something about the change which we intend to introduce in regard to the levy of Excise duty on *khandsari* sugar. Here we are introducing legislation which will extend the liability to pay duty and will at the same time enable us to reduce the rate of duty. The estimated quantity of *khandsari* sugar produced annually in British India has at various times fluctuated from 100,000 tons to upwards of 200,000 tons. Yet the yield of excise duty at the present rate of Re. 1 per cwt. is not more than Rs. 50,000; in other words, the quantity of *khandsari* sugar on which duty is paid is less than 2 per cent of the total production. This is due largely to the definition of a "factory" in the Sugar Excise Duty Act, 1934, which confines the charge of the duty to sugar produced in premises employing 20 or more workers. This liability is easily avoided by the common practice of

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splitting up the process of manufacture and having the different processes performed in separate premises. The result is not only a loss of revenue but an inequitable incidence of taxation which has given rise to numerous complaints from the sugar mills of unfair competition. It is therefore intended to amend the definition of "factory" in section 2 (a) of the Sugar Excise Duty Act, 1934, so as to omit any reference to the number of workers employed. I should make it clear that there will be no extra burden on the small agriculturist who does not employ mechanical power in any of the processes of sugar production. We propose at the same time to reduce the rate of excise duty on *khandsari* sugar from Re. 1 to annas eight per cwt. We estimate that this change will yield an increase in revenue of approximately Rs. 5½ lakhs, but this figure is included in the general estimate of the Excise revenue from sugar.

17. *Taxes on Income*.—As already mentioned we have put up our revised estimates for 1938-39 by Rs. 79 lakhs over the budget figure. The preceding year had been on the whole a prosperous one and the decline in trade did not appear until the last few months of it. As I have pointed out the trade recession which then set in was sharp, and we estimate that the effect of this on our figures for 1939-40 will be a reduction of Rs. 81 lakhs, which wipes out the gain shown in the revised estimates for 1938-39. Of this fall Rs. 20 lakhs is on account of Corporation Tax. On the other hand we have to reckon on the increases that are expected to result from the introduction of the provisions of the Income-tax (Amendment) Bill, together with the application of a new scale based on what is called the Slab System.

18. The new scale of rates, which will appear in the Finance Bill, is that shown in Appendix 2 of the Income-Tax Enquiry Report of 1936, with no alteration other than that Hindu Undivided Families with more than one adult married male member are treated in the same way as other Hindu Undivided Families, that is to say, the rates of tax will be the same for them as for individuals. I need not describe the scale in detail now because it was fully present to the minds of Honourable Members throughout the recent debates on the Income-tax Bill. It is also proposed to abolish the Rs. 50,000 exemption limit for Company super-tax.

19. Provision is made in the Finance Bill, as in past years, for the previous year's rates to be applied to incomes from salaries, interest on securities, and company dividends, but this year, owing to the change from the Step to the Slab System, the provision is more complicated and involves the application of the old rates to the total income if more than half the total income is from these sources.

20. I have already told the House that the majority of individual assesses will gain by the introduction of the Slab System. For individuals we expect a decrease of Rs. 93 lakhs in income-tax and an increase of Rs. 1,17 lakhs in super-tax. From companies we hope to get increases of Rs. 31 lakhs in Income-tax and (after allowing for the removal of the Rs. 50,000 exemption limit) of Rs. 21 lakhs in super-tax.

21. From the legislative changes contained in the actual Income-tax Bill, i.e., apart from the changes of scale to be provided for in the Finance Bill, but including the withdrawal of the leave pay exemption, we hope to get in round figures Rs. 50 lakhs. This may appear to Honourable Members a very modest sum after all the alarms and excursions which have attended the passage of this legislation. But it is at any rate a good start and in succeeding years, when its provisions have had time to become fully effective, we may hope for much larger sums.

22. All told the combined effect of the legislative and quasi-legislative changes is an increase of Rs. 1,31 lakhs of which Rs. 21 lakhs is under Corporation Tax. Taking into account also the reduction due to the fall in profits we arrive at final estimates of Rs. 1,88 lakhs for Corporation Tax and Rs. 14,66 lakhs for Taxes on Income other than Corporation Tax—the latter figure representing an increase of Rs. 49 lakhs over the revised estimate for 1938-39. Of the Rs. 14,66 lakhs, Rs. 12,65 lakhs represents the divisible pool for Niemeyer purposes and Rs. 2,01 lakhs the purely Central share. As the Railway contribution has been estimated by the Railway Member at Rs. 2,13 lakhs, the Provincial share of Income Tax comes to Rs. 1,78 lakhs, which is Rs. 66 lakhs more than the revised estimate for 1938-39.

23. *Posts and Telegraphs*.—For the next year the revenue of the Posts and Telegraphs Department is expected to be Rs. 11,64 lakhs, and expenditure Rs. 11,63 lakhs. Although recent months have indicated a slight improvement in certain classes of traffic, the general economic conditions in the country do not warrant anything more than a small increase of Rs. 12 lakhs in revenue. The estimated expenditure is also Rs. 12 lakhs above the revised estimate for the current year; the rise is mainly accounted for by increases of about Rs. 8 lakhs due to normal increments of salaries and of Rs. 3 lakhs in pensionary charges.

Expenditure.

24. The total figure for expenditure is Rs. 82,65 lakhs, or Rs. 3,00 lakhs less than the revised estimates for the current year. This somewhat startling reduction is explained by decreases of Rs. 1,73 lakhs under Interest and Rs. 1,00 lakhs under Defence, coupled with the fact that the special economies enforced this year are being continued in the budget for next year.

25. *Defence Services*.—The Defence Budget for 1939-40 stands at Rs. 45,18 lakhs. This is the same figure as the Budget Estimate for the current year, but Rs. 1,00 lakhs less than the Revised Estimates.

I do not suppose that there is another important country in the world whose Defence Budget for 1939-40 will not show an increase, and, in some cases, a very large increase, over the Budget for 1938-39. Whatever may be the true position in this respect, it does not admit of doubt that no other country of importance has been able to escape with such modest increases in Defence expenditure as has this country during the past four years.

I have not concealed from the House in my previous Budget speeches that the sums, which it has been possible to allocate to the Defence Services in recent years, have not corresponded with military necessities or the international situation: rather have they been determined by financial exigencies.

The same is true of the Budget Estimate for 1939-40. The total sum proposed provides merely for standing charges and commitments. Even so, we have been able to keep down to Rs. 45,18 lakhs only as a result of:—

- (i) The receipt of the addition of £500,000 to the Garran contribution which I announced on the 13th of September last;
- (ii) The transfer to the Imperial Establishment of 4 British Battalions, 1 Cavalry Regiment and 5 Tank Companies, which have already left India, or will have left by the end of the present trooping season;
- (iii) Drawing on military Sinking Funds to the extent of Rs. 49 lakhs for purposes other than those for which they were set up.

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The Budget Estimate also allows for the receipt of £2,150,000, being the first part of the capital grant of £5 million which I announced at the same time as the additional recurring grant of £500,000 just mentioned. As the House will remember, this capital grant was related only to certain British and Indian Units in India : it falls far short of the sums required if our Military and Naval Forces are not to be left in a condition far inferior to the Defence Forces of other countries. I can only express the hope that the decisions of His Majesty's Government on the Report of the Expert Committee on Indian Defence under the Chairmanship of Lord Chatfield will result in further substantial sums becoming available to give us those modern Defence Forces which are required by recent developments in military science and are dictated by the present world situation.

26. *Interest.*—The decrease in next year's estimate under Interest, as compared to this year's budget estimate, is no less than Rs. 1,96 lakhs. The main elements which go to make up this large saving are as follows :—First, there is a reduction of Rs. 1,60 lakhs in the amount payable as bonus on Post Office Cash Certificates. This is due to the fact that the certificates now falling due were issued at considerably lower rates of interest and are also less in amount than the exceptionally heavy maturities of recent years. The high interest certificates were all issued in years prior to that beginning on the 1st April 1934. With a lowering of the rate the value of new certificates sold naturally decreased. During the year 1934-35 the average rate of interest was 3 per cent. whereas at one time it had been as high as $5\frac{1}{4}$ per cent., and the value of certificates sold was under Rs. 10 crores as opposed to over Rs. 13 crores in the previous year. It is the certificates sold in the year 1934-35 which ordinarily fall in for payment in 1939-40 and we are able therefore to reduce our estimate for the amount payable as bonus on certificates due to be discharged to Rs. 2,25 lakhs as compared with last year's budget estimate of Rs. 3,85 lakhs and a revised estimate of Rs. 3,37 lakhs. Then there are savings of Rs. 35 lakhs on account of the conversion operation of last summer, over and above of course a substantial saving to the Railways, of Rs. 37 lakhs, being a full year's consequence of the reduction in interest on Post Office Savings Bank Deposits which I have already mentioned, and of Rs. 15 lakhs in interest on sterling Family Pension Funds due to their transfer to the Family Pension Fund Commissioners in London. Against these savings there is increased expenditure of Rs. 28 lakhs on Treasury Bills owing partly to the larger balance outstanding at the start of the year but mainly to the rise in rates, an increase of Rs. 9 lakhs in the interest on Provident Funds due to normal growth in deposits, and extra interest amounting to Rs. 22 lakhs earned on the larger balances in the Railway Depreciation Fund.

27. Perhaps the House will bear with me if I turn aside and point the moral of this huge reduction in our interest charges. It is due largely to careful management of our public debt on the part of my predecessor and also of course to the policy of sound finance which has been pursued by the Government of India over a number of years. And if there are Honourable Members who are inclined to jeer at what they conceive to be the undue orthodoxy of the policy I hope they will reflect upon the very remarkable fruit which it is now bearing in enhanced credit and reduced debt charges. I make no apology for dwelling a little on this question for, as I have said, the main responsibility for the results lies at the door of my predecessor.

28. *Other Expenditure heads.*—As I mentioned in connection with the revenue estimates there is a decrease of Rs. 39 lakhs under customs, due to the payments on account of the Cochin Port being treated as deductions from

revenue. The expenditure under the remaining heads has on the whole been kept at the level of the reduced amounts shown in the revised estimates by the prolongation of the economy measures brought into operation this year. Such unavoidable increases as have had to be provided for have been counter-balanced by extra savings from some of the economies which could not produce their full effect till next year.

Position as at the 31st March 1940.

29. Thus, on the basis of the adoption of the new rates for Income-tax, etc., and of the maintenance of existing taxation otherwise we arrive at the following result :—

Revenue	Rs. 82,15 lakhs.
Expenditure	Rs. 82,65 lakhs.
Prospective deficit	Rs. 50 lakhs.

Before I proceed to deal with the question of making up this deficit I must turn aside and give the usual review of our Ways and Means position.

WAYS AND MEANS.

30. *New Loan.*—During the current year the Government of India made a combined cash and conversion issue of 3 per cent. 1938-40 stock at 98. The 5½ per cent. 1938-40 and the 5 per cent. 1939-44 loans were accepted at Rs. 101-12 and Rs. 104 respectively. The issue, which was oversubscribed within 5 minutes of its opening, produced Rs. 26,31 lakhs of which Rs. 19,98 lakhs represented conversions. The unconverted part of the 5½ per cent. 1938-40 loan was notified for discharge on October 1st. Next year we shall have the option of redeeming the remainder of the Government of India 5 per cent. 1939-44 loan, the outstanding balance of which is a little over Rs. 20 crores. The time and manner of the redemption will of course depend on market conditions and on our Ways and Means position.

31. *Sterling Liabilities.*—With the decline in our balance of trade that occurred during the earlier part of last year and a certain increase in private remittance for purposes of investment the amount of sterling offered to the Reserve Bank has until recently been comparatively low. In the first ten months of the current year the Bank's purchases amounted to £12 millions as compared to £15 millions in the corresponding period of the previous year, but in the last two months the amounts purchased have been considerably larger than those of the corresponding weeks of last year. I have not got the figures for February but the Reserve Bank has been getting something of the order of £2 millions a week and in some weeks more than £2 millions. With the trade balance rising again there is good reason to expect that by the end of the year a much more satisfactory shewing will have been made. In the year a further £3 millions of sterling Railway Debentures are being discharged and we also expect to complete the transfer of our outstanding liabilities in respect of sterling family pensions, amounting to about £6 millions. These further repayments of sterling debt will bring the total amount repatriated since 1935 to something like Rs. 65 crores. Next year our sterling requirements are estimated at a little over £27 millions as compared to £36 millions in the current year, £37 millions in 1937-38 and £41 millions in 1936-37. This reduced remittance programme should offer us no difficulty.

32. *Treasury Bills.*—In 1938-39 we had reckoned on an increase of Rs. 5 crores in the value of treasury bills outstanding. Actually the figure looks like being Rs. 6,70 lakhs with the result that the total amount outstanding

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at the end of 1938-39 will be between Rs. 44 and 45 crores. Next year, however, in spite of the virtual certainty of our having to pay for a further 5 crores of silver rupees returned by the Reserve Bank, we expect to be able to reduce this balance by some Rs. 6 crores. Taking both years together, we shall have made only a trifling addition to our floating debt in spite of an increase of Rs. 10 crores in the silver debt and of having had to make a special remittance of about Rs. 8 crores on account of the Family Pension Funds.

33. I may add that it has been found satisfactory to all the parties concerned to continue the arrangement by which, instead of the Provinces competing for the supply of treasury bills sold each week by public tender, the bills required for the investment of their surplus balances are provided by the Reserve Bank from its own holding. Of the total amount of treasury bills at present outstanding approximately Rs. 4½ crores represent bills transferred in this way to the Provincial Governments.

34. *Post Office Cash Certificates and Savings Bank Deposits.*—Our revised ways and means estimate allows for a net repayment of Rs. 62 lakhs only in respect of Cash Certificates as compared with the budget estimate of Rs. 3½ crores. Encashments have been slightly less than anticipated while sales have now begun to show a distinct improvement. This is no doubt due to the effect of the recent reduction in the rate of interest on Post Office Savings Bank deposits in increasing the relative popularity of the Certificates. Our estimate for the net repayment next year is therefore taken at no higher figure than Rs. 50 lakhs. On the other hand the rate of increase in Savings Bank deposits has fallen off though, as I said earlier, there is no sign of a reversal of the process which has resulted in a steady rise in the total deposits since 1933 from Rs. 43 to Rs. 77 crores. In fact, as against an increase of Rs. 5 crores (excluding interest of course) assumed in the budget, our latest estimates provide for an increase of Rs. 3,30 lakhs this year and of Rs. 3,75 lakhs next year.

I now return to the prospective deficit of Rs. 50 lakhs. In present circumstances our resources in the way of new taxation are somewhat circumscribed. The yield of increased Income-tax goes mainly to the Provinces; even over the revenue part of the field Customs Duties in general are as high as is consistent with a maximum yield, while over the protective part the return is rapidly declining. So far as Excises are concerned a delicate situation has been created by the judgment of the Federal Court which amounts to saying that there is concurrent power in the realm of internal indirect taxation. The full implications of this judgment are not yet apparent to me but one of the most important of them has been pointed out by the Chief Justice himself *viz.*, the need for mutual forbearance in this sphere lest the taxing authorities should by the simultaneous exercise of their powers raise the price of the article taxed to a height at which consumption is seriously curtailed. There is also the reminder of the Chief Justice that, in the absence of this mutual forbearance, the ability of the Centre to continue to make or to make new devolutions under section 140 of the Government of India Act will be jeopardised. The first subject chosen for the exercise of the concurrent taxing power is of course Motor Spirit and, if I may say so, the *obiter dicta* of the Chief Justice apply with great force in this instance. Certainly for my part I do not propose to meet our own deficit by an increase in the taxation on Motor Spirit.

However I must not tax your curiosity any longer—particularly as it will yield no revenue—and so I say that I have finally come down in favour of increasing the taxation on one of the extremely few items of the Customs tariff which shows an expanding yield *viz.*, that relating to Raw Cotton, and I propose that the duty should be doubled. I shall no doubt be told that by this measure I am indulging my usual vendetta against indigenous industry. I might with a good deal more justice retort that perhaps the increased duty would do something to promote the growing of the longer staples of cotton in India and this is no contemptible objective when we remember that Indian Mills are importing over 700,000 bales of these varieties a year. However, I take neither the blame nor the credit for either of these objectives. My design is simply to balance the budget by the least burdensome means open to me and that I claim to be doing. The increased duty will operate as from tomorrow and we can, I think, safely put the extra yield at Rs. 55 lakhs a year. With this addition to the revenue our final figures become:—

Revenue	82,70 lakhs.
Expenditure	82,65 lakhs.
Surplus	5 lakhs.

At this stage I suppose I ought to review the whole financial history of my five years of office or at any rate to try to draw its moral. But I shall do nothing of the sort. For India, as for the rest of the world, the future is much more important than the past. The political outlook has many menacing features both in India and outside. Many difficult problems face those responsible for the conduct of affairs in India and elsewhere. For India as for the rest of the world there is no hope save in a release of the stresses which operate between race and race and between community and community. If that release can take place India will not only be more prosperous in itself, it will also share in the very much increased prosperity of the world at large and in both cases the potential growth of economic welfare is almost limitless. And I would like the last words of my last budget speech to be simply a restatement of the obvious truth that without political reconciliation—the word appeasement has perhaps become too hackneyed—Central and Provincial Governments alike in India must fail in the great task allotted to them of raising the standards of life of the people.

THE INDIAN FINANCE BILL.

The Honourable Sir James Grigg (Finance Member): Sir, I move for leave to introduce the Indian Finance Bill, 1939.

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

“That leave be granted to introduce the Indian Finance Bill, 1939.”

The motion was adopted.

The Honourable Sir James Grigg: Sir, I introduce the Bill.

The Assembly then adjourned till Eleven of the Clock on Tuesday, the 7th March, 1939.