

28th February 1941

THE

# LEGISLATIVE ASSEMBLY DEBATES

## Official Report

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Volume II, 1941

*(28th February to 17th March, 1941)*

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### THIRTEENTH SESSION

OF THE

### FIFTH LEGISLATIVE ASSEMBLY, 1941



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# Legislative Assembly

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SIR ABDUL HALIM GHUZNAVI, M.L.A.

SIR H. P. MODY, K.B.E., M.L.A.

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# LEGISLATIVE ASSEMBLY

Friday, 28th February, 1941.

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

## MEMBERS SWORN.

Nawabzada Muhammad Liaquat Ali Khan, M.L.A. (Rohilkund and Kumaon Divisions: Muhammadan Rural); and

Mr. Samuel Harrison Yardley Oulsnam, C.I.E., M.L.A. (Government of India: Nominated Official).

## STARRED QUESTIONS AND ANSWERS.

### (a) ORAL ANSWERS

#### STARTING OF AN INDIAN SHIP-YARD IN CALCUTTA.

**202. \*Dr. Sir Ziauddin Ahmad:** (a) Will the Honourable Member for Communications please state whether the attention of the Government of India has been drawn to the questions and answers in the Bengal Council on 10th December, 1940, about the starting of an Indian ship-yard in Calcutta?

(b) What rates were demanded by the Port Trust from the Scindia Company?

(c) Are these rates fixed *ad hoc*? Is there any schedule for rates?

**The Honourable Sir Andrew Clow:** (a) Yes.

(b) The rates quoted were Rs. 9 per cottah per mensem up to the 31st March, 1945, and, thereafter, Rs. 11-4-0 per cottah per mensem up to the 31st March, 1955, and, thereafter, an increase not exceeding 25 per cent. every ten years up to a maximum of Rs. 27 per cottah per mensem.

(c) These rates were the same as those which the Port Commissioners were already receiving for a large area of land adjoining this site. There is a schedule of rates for monthly leases and the schedule rate for this particular site is Rs. 12 per cottah per month.

#### RAILWAY REFRESHMENTS MONOPOLY TO BALLABHDAS ESWARDAS.

**203. \*Maulvi Muhammad Abdul Ghani:** Will the Honourable Member for Railways please refer to the note on pages 4 and 5 of the *Musafir*, dated the 24th November, 1940, under the caption "Railway refreshments—Monopoly granted to Marwari" and state: whether it is a fact that Ballabhdas Eswardas is holding monopoly of contracts for the service and sale of meals to Indian passengers over the East Indian, the Bengal Nagpur, the Great Indian Peninsula, the Bombay, Baroda and Central

India and the North Western Railways; and if not, whether he will lay a statement on the table of the House showing *inter alia* the nature of the contracts, the dates of the contracts, the number (if possible the name) of stations on each Railway for which the contracts are given, the terms of the contracts and the nominal rent or fee received from those contracts?

**The Honourable Sir Andrew Olow:** It is not a fact that this firm holds a monopoly for Indian catering over the railways mentioned. I do not propose to lay the agreements on the table but those which are in the Board's office may be inspected if any Honourable Member so desires. As regards rentals recovered by the North Western, East Indian and Great Indian Peninsula Railways, I would refer the Honourable Member to the reply given to his starred question No. 128 on the 25th instant. I have no information relating to rentals or fees recovered by the other railways.

**Mr. Muhammad Nauman:** If this firm does not hold the monopoly, may I ask which are the other firms who hold an equal amount of contract or the same area of the contract?

**The Honourable Sir Andrew Olow:** I do not think there is any other firm which has an equal area on the East Indian Railway, but that does not mean that this firm holds the monopoly.

**Mr. Muhammad Nauman:** Does it not mean that they hold the largest area and a sort of a monopoly?

**The Honourable Sir Andrew Olow:** It means that they hold the biggest share, but it does not mean that they hold a monopoly or a sort of a monopoly.

**Maulvi Muhammad Abdul Ghani:** Is it not a fact that the contractor in question holds the largest contract over the East Indian Railway as compared to the contracts of other contractors?

**The Honourable Sir Andrew Olow:** Yes, Sir; I believe that is the case.

#### RAILWAY REFRESHMENTS MONOPOLY TO BALLABHDAS ESWARDAS.

204. **\*Maulvi Muhammad Abdul Ghani:** Will the Honourable Member for Railways please refer to the D. O. No. OMC 35, dated 18th May, 1939 on the subject of refreshment room contracts on E. I. R. mentioned on page 5 of the *Musafir*, dated the 24th November, 1940, under the caption "Railway Refreshments—Monopoly granted to Marwari" and state:

- (a) the number of refreshment room contracts given to Ballabhdas Eswardas after the date of that D. O. letter;
- (b) the particulars of the newspapers in which the General Manager, East Indian Railway, or Divisional Superintendents of the East Indian Railway, advertised the contracts given to Ballabhdas Eswardas after the date of that D. O. letter, if the contracts were not advertised, the reasons therefor?

**The Honourable Sir Andrew Olow:** (a) and (b). I have not seen the letter referred to. I understand, however, that since May, 1939, the East Indian Railway, in consultation with the Local Advisory Committees and

in consideration of Government's acceptance of certain recommendations by the Central Advisory Council for Railways, have revised their policy and, consequently, do not propose to call for the information.

**Mr. Muhammad Nauman:** May I ask whether in this connection a proposal was laid before the Local Advisory Committees that there should be no advertisement for the calling of tenders for this purpose?

**The Honourable Sir Andrew Olow:** I have not seen any such proposal being laid before the Local Advisory Committees, but the reports of these Committees are circulated to all Honourable Members.

**Mr. Muhammad Nauman:** My information is that the Local Advisory Committees were not consulted on this particular issue whether advertisements should be made or not. Is it a fact?

**The Honourable Sir Andrew Olow:** As the Honourable Member knows the information, why is he asking me?

**Qazi Muhammad Ahmad Kazmi:** With reference to part (b) of this question, will the Honourable Member please state whether any tenders were called for of the contract, or whether it was only by selection that this gentleman was given the contract?

**The Honourable Sir Andrew Olow:** This is not an individual contract. I think there are several contracts, but I am not aware of the circumstances of the case. Contracts were not given from here.

**Mr. Muhammad Nauman:** Are these contracts given by the Divisional Superintendent, or by the Agent himself?

**The Honourable Sir Andrew Olow:** They are given by the Divisional Superintendent subject, of course, to any general order that happens to be in force.

#### TERMS OF RAILWAY REFRESHMENT CONTRACTS HELD BY BALLABHDAS ESWARDAS.

205. \***Maulvi Muhammad Abdul Ghani:** Will the Honourable Member for Railways please state the terms of the refreshment contracts given to Ballabhdas Eswardas on the East Indian, the Bengal Nagpur, the Bombay, Baroda and Central India, the Great Indian Peninsula and the North Western Railways?

**The Honourable Sir Andrew Olow:** As regards the contracts between this firm and the East Indian and North Western Railways, I would refer the Honourable Member to the reply given to his starred question No. 203. Copies of contracts with other railways are not in possession of the Railway Board.

**Mr. Muhammad Nauman:** May I know whether the terms of the contracts of all the railways are the same, or whether they differ substantially with regard to sub-letting?

**The Honourable Sir Andrew Olow:** I think they vary to suit different circumstances.

**Mr. Muhammad Nauman:** What about the sub-letting clauses? Are they different on State-managed railways and Company-managed railways?

**The Honourable Sir Andrew Olow:** The main principles, I think, are the same, and in contracts normally sub-letting is not permitted.

**COMPETENCY OF THE DIVISIONAL SUPERINTENDENTS, EAST INDIAN RAILWAY,  
FOR ALLOTTING REFRESHMENT CONTRACTS.**

**206. \*Maulvi Muhammad Abdul Ghani:** Will the Honourable Member for Railways please refer to the note on pages 4 and 5 of the *Musafir*, dated the 24th November, 1940, under the caption "Railway Refreshments—Monopoly granted to Marwari" and state whether it is a fact that the power to allot contracts for running refreshment rooms over the East Indian Railway is vested in the Divisional Superintendents?

**The Honourable Sir Andrew Olow:** Yes, subject to any general orders in force.

**RAILWAY REFRESHMENT CONTRACTS HELD BY BALLABHDAS ESWARDAS.**

**207. \*Maulvi Muhammad Abdul Ghani:** Will the Honourable Member for Railways please state the particulars of refreshment contracts held by Ballabhdas Eswardas in more than two Divisions on a railway, and the reasons therefor?

**The Honourable Sir Andrew Olow:** I am calling for the information from the East Indian and Great Indian Peninsula Railways and will lay a reply on the table of the House in due course.

**NON-CONSUMPTION OF "RACOTEX ELECTRODES" BY EAST INDIAN AND  
NORTH WESTERN RAILWAYS.**

**†208. \*Maulvi Muhammad Abdul Ghani** (a) Will the Honourable Member for Railways please state whether it is a fact that "Racotex Electrodes" are made in America?

(b) Is it a fact that "Racotex Electrodes" were tested by:

- (i) The Chief Inspector of Steam Boilers, Madras;
- (ii) The Loco-Superintendent, Bengal Dooars Railway Co., Ltd., Domohani;
- (iii) Engine Shops Manager, Burma Railways, Insein;
- (iv) The Loco. and Carriage Superintendent, Jodhpur Railways, Jodhpur;
- (v) The Deputy Chief Mechanical Engineer, Shops, Kanchrapara, Eastern Bengal Railway;
- (vi) The Deputy Chief Mechanical Engineer (Works), Golden Rock, South Indian Railway;
- (vii) The Loco. and Carriage Superintendent, Bikaner State Railway, Bikaner;
- (viii) The Works Manager, Assam Bengal Railway, Pahartali;
- (ix) The Loco. and Carriage Superintendent, Gaekwars Baroda State Railways, Gaya Gate, Baroda;

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†Answer to this question laid on the table, the questioner having exhausted his quota.

- (x) The Loco. and Carriage Superintendent, the Bengal and North Western Railway Company, Ltd., Gorakhpur;
- (xi) The Controller of Stores, Mysore State Railway, Mysore;
- (xii) The Controller of Stores, Great Indian Peninsula Railway, Bombay; and
- (xiii) The Chief Mechanical Engineer, Bengal Nagpur Railway, Khargpur? If so, with what result?
- (c) Is it a fact that the Purchasing Officer, Tata Iron and Steel Company, Limited, Jamshedpur on 8th August, 1939 also found "Racotex Electrodes" satisfactory on tests?
- (d) Is it a fact that "Racotex Electrodes" are also cheaper than other standards by different Manufactures? If so, what are the reasons for not consuming the "Racotex Electrodes" by the East Indian and the North Western Railways?

**The Honourable Sir Andrew Clow:** (a) Yes.

(b) I understand tests on "Racotex Electrodes" have been carried out by a number of railways, but I am unaware of the details.

(c) Government have no information regarding this.

(d) In regard to the first part, Government have no information. In regard to the second part, the Honourable Member is referred to the State Railway Stores Code—Appendix VI, footnote on page 486, a copy of which is in the Library of the House.

#### WITHDRAWAL OF "CHURCH PASS" GRANTED TO SERVANTS ON STATE RAILWAYS.

†209. \***Maulvi Muhammad Abdul Ghani:** Will the Honourable Member for Railways please state:

- (a) whether it is a fact that Railway servants on State-managed Railways were granted "Church Pass", if and when attending the Church services, not provided at their stations, prior to the introduction of New Pass Rules in 1937;
- (b) the facilities provided by the administration after the withdrawal of the privilege of a "Church Pass" for the necessary church services; if no facility is provided, the reasons therefor; and
- (c) whether the staff affected by the withdrawal were asked to elect the new rules; if not, why not?

**The Honourable Sir Andrew Clow:** (a) and (b). No change appears to have been made in the position except on the East Indian Railway, where such passes were formerly given and were withdrawn in 1937. Recognized chaplains are given passes to enable them to hold services in small stations where no chaplain resides.

(c) Staff were not given the option of electing for the new rules as they were introduced to curtail facilities which were regarded as excessive.

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†Answer to this question laid on the table, the questioner having exhausted his quota.

**DISCRIMINATORY TREATMENT OF THE OLD OUDH AND ROHILKHAND RAILWAY STAFF IN THE MATTER OF GRANTING OF CERTAIN ALLOWANCES.**

†210. \***Maulvi Muhammad Abdul Ghani:** Will the Honourable Member for Railways please refer to the Minute Sheet No. A. E. 1605 of the 3rd August, 1940, from the Deputy General Manager (P), East Indian Railway, Calcutta, regarding employees transferred to Oudh and Rohilkhand Railway Area, *vis.*, "that the term allowance referred to in the Board's orders meant only allowances of the nature of pay such as overtime, running allowance, Sunday allowances, etc. and did not refer to travelling allowances or house rent allowance. The bonus referred to is night allowance granted to the East Indian Railway staff for attending accidents between the hours of 19 and 5 which is in the nature of travelling allowance and cannot therefore be granted to the Oudh and Rohilkhand Staff"; and state:

- (a) who has issued the Board's orders and when; if possible, to lay a copy of those orders;
- (b) the particulars of the Fundamental Rule under which the meaning of "allowances" is given as "of the nature of pay";
- (c) whether it is a fact that the condition on which the old East Indian Railway Company staff is admissible to the travelling allowance is that the staff have been out of the headquarters during the night and that the staff who have been out of headquarters during the day are never paid the daily allowance while travelling on duty; and
- (d) the reason for the discriminatory treatment of the old Oudh and Rohilkhand staff while serving on the area of the old East Indian Railway?

**The Honourable Sir Andrew Olow:** (a) The orders were issued by the Railway Board in 1929. I do not propose to lay them on the table.

(b) This is not a matter governed by any Fundamental Rule.

(c) Yes.

(d) The Oudh and Rohilkhand Railway (State Railway) conditions of service differ from those of the old East Indian Railway.

**GRIEVANCES OF TRAIN CLERKS ON NORTH WESTERN RAILWAY.**

†211. \***Bhai Parma Nand:** (a) Will the Honourable the Railway Member be pleased to state whether Government are aware that there prevails a great discontent among the trains clerks on the North Western Railway?

(b) Is it a fact that memorials have been sent to the authorities during the last few years, stating their grievances, but no heed has been paid to them?

(c) Is it not a fact that this class is very hard-worked, and they have very arduous duties to perform and that they are the most neglected class?

(d) Is it not a fact that in spite of their service during day and night, during cold and heat, they cannot become ticket collectors, their promotion is barred at Rs. 60, they are given no allowance while working in the

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†Answer to this question laid on the table, the questioner having exhausted his quota.

‡Answer to this question laid on the table, the questioner being absent.

yard and the uniform is stopped for them and they are not provided with lamp-light while working in the yard at night?

(e) If the answer to part (d) be in the affirmative, are Government prepared to redress their grievances?

**The Honourable Sir Andrew Olow:** (a) No, but I am aware that a number of men who have been on the maximum for some time feel that they have ground for discontent.

(b) The answer to the first part is in the affirmative and to the second in the negative.

(c) I do not think it is possible to generalize in this fashion.

(d) Trains clerks cannot become Ticket Collectors as they have to look for promotion in their own lines. As regards uniforms and lamps, the Honourable Member is referred to the replies to questions Nos. 464 and 465 asked on the 20th March, 1940, by Shaikh Rafuuddin Ahmad Siddiquee and Maulvi Muhammad Abdul Ghani respectively. Government have no information on other points.

(e) Government cannot accede to the requests made by these clerks for amalgamation of grades, etc., but the General Manager is considering whether some adjustment in the numbers in the upper grade is warranted by the nature of the work.

#### MONTHLY-PAID ARTISTS FOR BROADCASTING HINDUSTANI PROGRAMMES AT ALL-INDIA RADIO STATIONS.

†212. **\*Bhai Parma Nand:** (a) Will the Honourable Member for Communications please state the number of monthly-paid artists employed at present for broadcasting Hindustani programmes at All-India Radio Stations?

(b) How many of them are Hindus and how many Muslims?

(c) What is the total remuneration paid to these Hindu and Muslim artists, respectively?

(d) How many of them know Hindi language?

**The Honourable Sir Andrew Olow:** (a) The number of monthly paid artists, including musicians, employed at the Delhi, Lahore, Lucknow Stations which mainly broadcast Hindustani programmes, and the Bombay Station whose programme includes many Hindustani items, was 115 in January, 1941.

(b) Of them 35 were Hindus and 77 Muslims.

(c) Rs. 1,941 and Rs. 4,910 respectively.

(d) Excluding musicians, 67 such artists were employed in January, 1941, of them 32 knew Hindi well.

#### QUARTERLY RETURN TICKETS BETWEEN HOWRAH AND CERTAIN RAILWAY STATIONS.

†213. **\*Mr. Amarendra Nath Chattopadhyaya:** Will the Honourable Member for Railways be pleased to state if three-monthly *i.e.* quarterly

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†Answer to this question laid on the table, the questioner being absent.

return tickets could be issued between Howrah and the following stations up and down in addition to monthly return tickets now issued :

- (1) Benares, (2) Allahabad, (3) Cawnpore, (4) Lucknow, (5) Delhi, (6) Agra, (7) Muttra, (8) Hardwar and (9) Kalka?

**The Honourable Sir Andrew Olow:** The question of quarterly return tickets between specific points is primarily one for the Railway Administration to consider. A copy of the question and answer will be forwarded to the General Manager, East Indian Railway.

#### LOW PLATFORMS ON EAST INDIAN RAILWAY STATIONS.

†214. **\*Mr. Amarendra Nath Chattopadhyaya:** Will the Honourable the Railway Member please state how many station platforms on the East Indian Railway are still left "low" and if these platforms would be raised to proper height during this year? If not, by what time they are intended to be raised in order to remove the inconvenience to passengers?

**The Honourable Sir Andrew Olow:** Out of a total of 768 stations open for passenger traffic on the East Indian Railway, which includes 185 flag stations, there are 369 stations with more than one platform and 361 stations with one platform only. The total number of platforms provided is 1,296, of which 784 or 60 per cent. are above rail level.

2. Government have no special plans for raising platforms on this railway, but a policy of gradual betterment in this respect is being pursued.

#### CATERING CONTRACTS ON EAST INDIAN RAILWAY AND COMPLAINTS AGAINST CATERERS.

†215. **\*Mr. Amarendra Nath Chattopadhyaya:** (a) Will the Honourable Member for Railways be pleased to lay on the table the plan adopted by the East Indian Railway regarding distribution of caterers throughout the line and the loopline, stating the terms and conditions on which these catering contracts have been entered into and the duration of each contract?

(b) Will the Honourable Member be pleased to lay on the table the various complaints submitted against the caterers during 1940, and state what steps have been taken regarding such complaints against the caterers?

**The Honourable Sir Andrew Olow:** (a) and (b). I presume the question refers to the whole of the East Indian Railway. I regret that I cannot ask them to embark on the compilation of statements containing the information required as such compilation would entail a great expenditure of time and labour.

#### COMPLAINTS OF PASSENGERS AGAINST RAILWAY SERVANTS.

†216. **\*Mr. Amarendra Nath Chattopadhyaya:** Will the Honourable Member for Railways be pleased to state whether any complaints against Railway servants were received during the year 1940 from any passenger

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†Answer to this question laid on the table, the questioner being absent.

while travelling? If so, on what grounds were such complaints made and what steps had been taken by the Railway authorities in the matter?

**The Honourable Sir Andrew Olow:** I imagine complaints against railway servants have been made by passengers travelling on the various railways in the course of the year. It is impossible to compile a list of such complaints or to indicate against each the nature of the complaint and the steps taken by the competent railway authority.

#### NON-CONFIRMATION OF CERTAIN MUSLIM JOURNEYMEN.

**217. \*Mr. H. M. Abdullah:** (a) Will the Honourable Member for Railways please state whether it is a fact that certain Muslim journeymen were appointed on one year's probation on 15th March, 1938?

(b) Is it a fact that they were given due increment after completion of two years' satisfactory service?

(c) Is it a fact that these journeymen have not yet been confirmed?

(d) What is the reason for the abnormal delay in the confirmation of those men?

**The Honourable Sir Andrew Olow:** (a) One Muslim Electrical Journeyman was appointed on one year's probation with effect from 15th March, 1938.

(b) The journeyman was given one increment.

(c) Orders have been issued for his confirmation from the date of his first appointment.

(d) There was apparently only one man. I am not fully informed as to the reasons for any delay that may have occurred.

#### APPOINTMENTS TO THE NEWLY CREATED POSTS OF ASSISTANT CHARGEMEN ON NORTH WESTERN RAILWAY.

**218. \*Mr. H. M. Abdullah:** (a) Will the Honourable Member for Railways please state whether it is a fact that some posts of Assistant Chargemen have been created on the North Western Railway?

(b) If so, what is the number, community-wise, of the men appointed against these posts?

(c) Is it a fact that some Hindu temporary journeymen who would, in the ordinary course, have been confirmed after the Muslims and would have been junior to them, have been promoted to work as Assistant Chargemen in the higher grade and the confirmation of Muslims is being postponed for one or other reason?

(d) Is it a fact that some electricians who have no power training at all and whose channel of promotion is ordinarily to higher grade electricians, have also been promoted as Assistant Chargemen without any power training?

(e) Is it a fact that Junior Chargemen are not eligible for promotion to higher grade posts on the North Western Railway?

(f) Is it a fact that some Hindu Junior Chargemen have been promoted to these higher grade posts?

(g) If the reply to parts (a), (d), (e) and (f) be in the affirmative, and in view of the fact that very few Muslims have been appointed as Assistant Chargemen, is the Honourable Member prepared to see that the Muslims get their due share in the newly-created posts of Assistant Chargemen?

**The Honourable Sir Andrew Clow:** (a) Yes.

(b) 22; ten Hindus, eight Muslims, three Sikhs and one Parsi.

(c) No.

(d), (f) and (g). I have called for information and will lay a further reply in due course.

(e) They are ordinarily not eligible for promotion to higher grades, but if any Junior Chargeman is considered suitable, he can obtain promotion.

#### RECRUITMENT TO THE INFERIOR STAFF OF THE ACCOUNTS DEPARTMENT ON NORTH WESTERN RAILWAY.

**219. \*Mr. H. M. Abdullah:** (a) Will the Honourable Member for Railways please state community-wise, the number of inferior staff, *vis.*, record lifters, daftries and peons, of the Accounts Department, on the North Western Railway?

(b) Is it a fact that the abovementioned three categories have been amalgamated by the Chief Accounts Officer for the purpose of recruitment?

(c) Is it a fact that the ratio fixed for Muslims is 27.5 for recruitment in inferior staff in the Accounts Department?

(d) If so, why is the ratio different as compared with that of clerical appointments, or that of inferior service, *vide* Railway Board's letter No. E. 135-3M-145, dated the 19th September, 1935, to the General Managers?

(e) Is it a fact that this ratio for Muslims is being maintained by appointing them to the lowest category of peons and the Hindus and Sikhs are being appointed in the highest categories of inferior staff, *vis.*, record lifters?

(f) What is the number of record lifters community-wise, appointed during the last five years?

(g) To which community do the officers belong, who recommended the appointments and who made them?

(h) Is it a fact that the last appointment in this category was made by selection instead of direct recruitment?

(i) Why has the basis for appointment been changed?

(j) Why has no Muslim been appointed all these years in this category?

(k) How do Government propose to increase the number of Muslims in this category?

**Mr. B. M. Staig:** (a) Muslims 50, Hindus 121 and Sikhs 5.

(b), (e) and (h). No.

(c) Yes.

(d) I would refer the Honourable Member to the reply to part (a) of question No. 118 asked by Mr. Nabi Baksh Illahi Baksh Bhutto on the 8th October, 1936.

- (f) One Muslim, three Hindus and two Sikhs.
- (g) The officer who made the appointments is a Sikh.
- (i) Does not arise.
- (j) Does not arise in view of reply to part (f).
- (k) There are no special steps in contemplation.

#### NON-CANCELLATION OF THE LIST OF CANDIDATES FOR APPOINTMENT AS STOCK VERIFIERS.

**220. \*Mr. H. M. Abdullah:** (a) Will the Honourable Member for Railways please state whether it is a fact that lists of candidates are cancelled after one year in ordinary course in all cases of appointments on Railways?

(b) Is it a fact that the list of candidates for the appointment of stock-verifiers has not been cancelled, although about two years have elapsed since the selection on the basis of which it was prepared?

(c) Is it a fact that after this selection, Government have since long decided that Appendix D passed candidates are not necessarily better than those who have not passed it?

(d) Is it a fact that the list mentioned above contains only those candidates who have passed Appendix D Examination?

(e) Why has the list not been cancelled in view of the fresh orders of Government as stated above?

(f) Have the staff of the Stores Accounts Branch submitted a joint application for its cancellation?

(g) Does it contain only the names of Hindu staff for promotion to stock-verifiers' cadre?

(h) Why is its cancellation being delayed?

(i) When will it be cancelled?

**The Honourable Sir Andrew Olow:** Information is being collected and a reply will be laid on the table of the House in due course.

#### RECRUITMENT TO THE NEW POSTS OF JOURNEYMEN CREATED ON NORTH WESTERN RAILWAY.

**221. \*Mr. H. M. Abdullah:** (a) Will the Honourable Member for Railways please state whether it is a fact that seven new posts of journeymen weighing machines were created on the North Western Railway during the last year?

(b) If the reply to part (a) be in the affirmative, will he state the procedure adopted for recruitment to fill these posts, and recruitment made actually community-wise?

(c) Is it a fact that the qualifications laid down for filling up these posts is apprenticeship in Mill Wright and Reconditioning trade?

(d) Is it a fact that some non-Muslims have been appointed in this trade as journeymen, who have not worked for a day in Mill Wright or Reconditioning Shops?

(e) If the reply to part (d) be in the affirmative, will the Honourable Member please state if such facilities have been provided to Muslims before? If not, is he prepared to see that Muslims should also be given advantage of this lowering of the qualifications?

(f) Is it a fact that two Muslims have been appointed out of seven posts and that efficient senior qualified Muslims of this trade have been transferred out of the trade and unqualified non-Muslims brought in?

**The Honourable Sir Andrew Clow:** (a) Six posts were created in 1939 and one in 1940.

(b) The six posts created in 1939 were filled by surplus Journeymen Millwright; the post created in 1940 was filled by a Sikh Apprentice Mechanic.

(c) Yes.

(d) I understand that this is not a fact.

(e) Does not arise.

(f) The answer to the first part is in the affirmative and to the second in the negative.

#### PERSONS KIDNAPPED BY THE TRIBAL DACOITS AND RANSOM PAID TO THEM.

†222. **\*Bhai Parma Nand:** (a) Will the Foreign Secretary be pleased to state the number of men, women and children kidnapped by the tribal dacoits during the last year? How many of them were murdered?

(b) What is the total amount of ransom that has been paid, and how many persons were released without paying the ransom?

(c) What is the new policy that is adopted by Government to check these raids and has it proved efficient?

**Mr. O. K. Caroe:** (a) 190 persons, including 157 men, 26 women and seven children were kidnapped during the year 1940. 11 of them were killed.

(b) 197 persons were released during 1940. Government paid no ransom for their release. Government have no information in respect of ransom paid privately by the relatives of kidnapped persons.

(c) The measures taken by Government to control the situation on this border have included the strengthening of the Frontier Constabulary, whose function it is to protect the Districts from raiding gangs, and the occupation by civil forces of adjacent tribal areas in which such gangs sought refuge or set up their headquarters. Deterrent action is also taken in all cases of raiding and kidnapping both as a punishment and to prevent recurrence of similar incidents in future. Pressure is maintained by means of *Barampta* (meaning the arrest of tribesmen or the detention of their property until satisfaction is obtained) and by fine. Every endeavour is also made to prevent the payment of ransom for captives, since such payment acts as an incentive to further outrage. The measures taken have succeeded in maintaining continual pressure on tribal ill-doers, and in effecting a large number of releases.

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†Answer to this question laid on the table, the questioner being absent.

## EXPENDITURE ON AND RECRUITMENT TO KHASHADARS, SCOUTS AND FRONTIER CONSTABULARY.

†223. \***Bhai Parma Nand:** (a) Will the Foreign Secretary please state the expenditure of Government on maintenance of (1) Khassadars, (2) Scouts and (3) Frontier Constabulary?

(b) What is the number of each and from whom are they recruited?

(c) Why do Government not recruit these forces from the communities, other than the tribal people, who have got natural sympathies with the raiders, being their kinsmen?

**Mr. O. K. Garoe:** (a) and (b). A statement containing the required information is laid on the table.

(c) A large proportion of the recruits to the Scouts and Frontier Constabulary is drawn from classes in the settled Districts. The Khassadars are in essence a tribal force and are recruited from the tribes in whose territory they work. Long experience and careful examination of the question have convinced Government that in the present situation the existing system of recruitment is the best that can be devised.

## Statement showing strength, Expenditure, etc., of Irregular Forces in the North-West Frontier Province.

	Strength.	Annual expenditure.	Class from which recruited.
1	2	3	4
Khassadars	7,285	25,05,310	Bhittanis, Wazirs, Mahsuds, Biland Khel, Adam Khel, Mohmands, Afridis, Shinwaris, Shilmanis and Mullagories.
Levies	953	2,26,022	Marwats, Shia Orakzais, Khaljis.
Scouts (combatants).	8,680	39,70,165	Afridis, Bangash, Bhittanis, Chitralis, Khalis, Khattaks, Mahsuds, Mohmands, Mullagories, Orakzais, Swatis, Turis, Wazirs and Yusufzais.
Frontier Constabulary	4,843	22,38,000	Afridis, Bangash, Bhittanis, Khalis, Khattaks, Mishwanis, Mohmands, Mullagories, Orakzais, Sheranis, Swatis, Tanaulis, Wazirs and Yusufzais.

## UNSTARRED QUESTIONS AND ANSWERS.

## PUBLICATION OF REFRESHMENT ROOM COMPLAINTS IN THE RAILWAY GAZETTE.

65. **Maulvi Muhammad Abdul Ghani:** Will the Honourable Member for Railways please refer to the note on pages 4 and 5 of the *Musafir*, dated the 24th November, 1940 under the caption "Railway Refreshments—Monopoly granted to Marwari", viz., "A monthly bulletin should be

†Answer to this question laid on the table, the questioner being absent.

published by the Railways giving complete copies of all complaints recorded by passengers" and state the objections, if any, the Railways have in publishing the complaints in its Gazette at the cost of the contractor?

**The Honourable Sir Andrew Olow:** I have not consulted the railways in the matter but regard a system which would involve expenditure on printing complaints as unjustifiable. I would add that the making of a complaint is no guarantee that a complaint is justified, but its publication by the railways would tend to convey that impression.

**CERTAIN CLASSES OF NON-GAZETTED STAFF ON EAST INDIAN RAILWAY AND CHANNEL OF THEIR PROMOTION.**

**66. Maulvi Muhammad Abdul Ghani:** (a) Will the Honourable Member for Railways be pleased to state whether the classes in the group of Train Examiners and their normal channels of promotions have been included in the rules for the recruitment and training of non-gazetted staff issued by the Railway Board to State-managed Railways?

(b) If not, what is the position of this branch of service on the East Indian Railway in regard to recruitment and avenues of promotion?

(c) Is the post of Cleaner in the Transportation (Power) and Locomotive Department included in those rules? If so, what are the channels of their promotion?

(d) What classes are included in the group of Goods Clerks on the East Indian Railway at the Howrah Goods Sheds and the channels of their promotion?

(e) Is the post of Weigh Clerk at the Howrah Goods Sheds of the East Indian Railway a selection post? If not, are clerks attached to the office of the Divisional Superintendent eligible for promotion to this post?

**The Honourable Sir Andrew Olow:** (a) No.

(b) I understand that some are recruited directly on an apprenticeship system while others are promoted. There are several grades affording a channel of promotion.

(c) The answer to the first part is in the affirmative; as regards the latter part, the Honourable Member is referred to rule 35 of Appendix II of the State Railway Establishment Code, Volume I.

(d) Government have no information.

(e) The answer to the first part is in the negative; as regards the latter part, I have no precise information but believe that they would not ordinarily be eligible.

**PANEL SYSTEM FOR SELECTION POSTS IN THE NON-GAZETTED SERVICE OF EAST INDIAN RAILWAY.**

**67. Maulvi Muhammad Abdul Ghani:** (a) Will the Honourable Member for Railways please state whether it is a fact that panels of staff for promotion to selected posts in the non-gazetted service are maintained by the Chief Commercial Manager of the East Indian Railway?

(b) If so, are the staff concerned informed of their position in the panels for the different selection posts? If not, what are the reasons for suppressing this information?

(c) Are the staff placed on the panels in order of merit or seniority?

(d) Is it a fact that there are posts in the Commercial Department in the scales Rs. 160—10—260, Rs. 180—10—230 and Rs. 180—10—300? If so, are these three grades treated as one unit for the purpose of determining seniority?

(e) If the answer to the second part of part (d) be in the negative, how is seniority determined in the cases of staff in those grades who have been placed on the panel of a selection post on a higher grade?

**The Honourable Sir Andrew Clow:** (a) Yes.

(b) As regards the first part, the answer is in the negative. As for the latter part, the information is not suppressed and may be obtained by the employees on request.

(c) In the order of seniority.

(d) The answer to both parts is in the affirmative.

(e) Does not arise.

#### MUTUAL GUARANTEE FUND OF THE OLD EAST INDIAN RAILWAY COMPANY.

**68. Maulvi Muhammad Abdul Ghani:** (a) With reference to the statement laid on the 5th November, 1940 in reply to unstarred question No. 41, asked on the 27th February, 1940, regarding Mutual Guarantee Fund of the old E. I. Railway Co., will the Honourable Member for Railways be pleased to state at what stage an employee ceased to have any interest in the East Indian Railway Company Mutual Guarantee Fund, i.e., on leaving the service of the East Indian Railway Company or at the time that Government took over the management of that Railway from the Company or any time after the 1st January, 1925 or the 30th September, 1927?

(b) Did any interest accrue to the Fund from the time Government took over the management of that Railway (1st January 1925) up to the time the Fund was closed? If so, what amount?

(c) What amount was realised from the sale of the securities and when were they sold?

(d) Is it a fact that the Divisional Superintendent, Howrah, informed an ex-employee, *vide* his letter No. E.-282-A of the 29th April/1st May, 1926, that the Mutual Guarantee Fund did not exist on that date?

(e) Was the attention of the General Manager, East Indian Railway, drawn to the false statement made by the Divisional Superintendent, Howrah? If so, what action did he take, and did he inform the complainant of the same?

**The Honourable Sir Andrew Clow:** I am making enquiries and shall lay a statement on the table in due course.

#### EAST INDIAN RAILWAY CO-OPERATIVE CREDIT SOCIETY RESERVE FUND AND EMBEZZLEMENTS OF THE SOCIETY MONEY.

**69. Maulvi Muhammad Abdul Ghani:** (a) Will the Honourable Member for Railways be pleased to state whether on the termination of the services of an employee on the East Indian Railway a 'No Claim Certificate' is circulated to the various sections in order to ascertain his liabilities before settlement is made?

(b) Is it a fact that till recently the Co-operative Credit Society of that Railway used to show the amount outstanding on loans in the 'No-Claim Certificates' without adjusting the value of the Shares held and without advising the debtor of the same?

(c) What is the amount of such Share money that has been transferred to the Reserve Fund of that Society?

(d) Is it a fact that applications to the Co-operative Credit Society for the refund of such transferred share money have been rejected by the Society? If so, will the Honourable Member direct a refund of such money?

(e) Is it a fact that there have been several embezzlements? If so, what is the total amount involved?

(f) What amount has been recovered from those held responsible and how has the balance been adjusted?

**The Honourable Sir Andrew Olow:** (a) Yes.

(b) Up to 1934, it was usually left to the borrower to claim the refund of the value of the shares separately. Since then, in the adjustment of the amount of any outstanding loan, he is credited with the value of the shares held by him provided he has complied with the instruction that the share certificates must be returned to the credit society. Otherwise the refund of the value of the shares is delayed till he does so.

(c) The amount of the total unclaimed share moneys transferred to the "Reserve Fund" of the Society upto 1940 is Rs. 44,480. Figures are not available to show how much of this represents the shares of persons indebted to the Society at the time of termination of service.

(d) Yes, where the share money remained unclaimed for over five years. As this was done in accordance with the bye-laws of the Society, the question of my directing a refund does not arise. I understand, however, that the modification of the particular bye-law is under consideration.

(e) There was only one case of misappropriation, the amount involved being Rs. 510.

(f) The amount was recovered in full.

#### LOWER RATES OF CONSOLIDATED TRAVELLING ALLOWANCE FOR VAN SORTERS ON NORTH WESTERN RAILWAY.

**70. Mr. Lalchand Navalrai:** (a) With reference to the Honourable the Railway Member's reply to part (b) of my unstarred question No. 125 asked on 20th November, 1940, regarding lower rates of consolidated travelling allowance for van sorters on N. W. R., will he be pleased to state whether in fixing consolidated travelling allowance for van sorters on the North Western Railway at Rs. 20 per mensem, the provisions of Rule 212 (1) (b) page 22, of the State Railway Establishment Code, Volume I, to the effect that in fixing the consolidated travelling allowance, it shall be so calculated as to be equivalent ultimately to the travelling allowance admissible under the rules if no permanent travelling allowance was granted were observed? If not, why not?

(b) If the reply to the first portion of part (a) above be in the affirmative, will the Honourable Member please lay a statement on the table of the House, showing statistics collected in fixing the consolidated travelling allowance for van sorters?

(c) Is it a fact that the van sorters have protested against the grant of insufficient consolidated travelling allowance? If so, what action is proposed to revise the said allowance? If none, why not?

**The Honourable Sir Andrew Olow:** (a) and (b). Government have no reason to doubt that the provisions of rule 212 (1) (b) of the State Railway Establishment Code, Volume I, were observed in fixing the rate of consolidated travelling allowance for Van Sorters on the North Western Railway. They do not consider it necessary to call for the statistics referred to in part (b) of the question, from the Railway Administration.

(c) Government have no information. The matter is within the competence of the General Manager of the Railway to whom a copy of the question is being sent for information and any action that he may consider necessary.

#### WAGON ALLOTMENT SUPERVISORS ON EAST INDIAN RAILWAY.

**71. Khan Bahadur Shaikh Fazl-i-Haq Piracha:** Will the Honourable Member for Railways be pleased to state:

- (a) the number and the scale of pay of the posts of Wagon Allotment Supervisors on the East Indian Railway, Division by Division;
- (b) the class of staff who are eligible for those posts;
- (c) the methods usually adopted by the respective Divisional Superintendents of the East Indian Railway for finally selecting staff for the said posts; and
- (d) any rules in the pamphlet of rules for the recruitment and training of non-gazetted staff on State-managed Railways by which the classes of staff included in the Commercial Group can be considered suitable and selected for the said post?

**The Honourable Sir Andrew Olow:** (a) There are now no posts of Wagon Allotment Supervisors on the East Indian Railway. These posts were abolished in 1931.

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

#### NON-SUBMISSION OF MUSLIM CANDIDATES' NAMES BEFORE THE DIVISIONAL SELECTION BOARDS ON EAST INDIAN RAILWAY.

**72. Khan Bahadur Shaikh Fazl-i-Haq Piracha:** (a) Is the Honourable Member for Railways aware of the fact that in all the Divisions of the East Indian Railway, Muslims are not considered when candidates for the posts for which Selection Boards are contemplated to be held are recommended by immediate and branch officers for the said Selection Boards?

(b) If the reply to part (a) be in the negative, will the Honourable Member be pleased to state the number of Muslims who came up for examination by the Divisional Selection Boards, or the Head Office Selection Boards, held during the period from 1st January, 1935 to September, 1940, in each Division or the Head Office of the East Indian Railway for the following posts:

1. Lower Gazetted Service;
2. Transportation Inspectors;
3. Commercial Transportation Inspectors;

4. Research Inspectors;
5. Publicity Inspectors;
6. Inspectors "Transit", Grade Rs. 280—20—500;
7. Divisional Transit Inspectors, Grade Rs. 280—20—500;
8. Assistant Van-Goods Inspectors, Grade Rs. 180—10—800;
9. Claim Inspectors;
10. Re-weighment Inspectors;
11. Chief Controllers;
12. Deputy Controllers;
13. Section Controllers, Grade 'A' and 'B';
14. Supervising Station Masters, Grade 'A' Rs. 400, Grade 'B' Rs. 250;
15. Assistant Station Masters and Yard Masters, Grade Rs. 850;
16. Luggage and Parcel Supervisors, Howrah;
17. Chief Accountant and Booking Clerk, Howrah;
18. Office Superintendents;
19. Head Establishment Clerks;
20. Chief Clerks;
21. Assistant Head Clerks;
22. Sub-Heads of Establishment Section;
23. Passenger Superintendent, Howrah;
24. Personnel Inspectors;
25. Labour Inspectors;
26. Labour Advisers;
27. Goods Clerk and Goods Supervisors;
28. Goods Accountants;
29. Weigh Clerks; and
30. Shed Foremen?

(c) Will the Honourable Member be pleased to state the number of Muslims in all Divisions of the East Indian Railway who are drawing pay between Rs. 80 and Rs. 800?

**The Honourable Sir Andrew Clow:** (a) No.

(b) I regret it is impracticable to undertake the research necessary to secure and compile the information.

(c) The information available with Government is contained in Appendix CII of Volume II and the statements at pages 100 and 101 of Volume I of the Report by the Railway Board on Indian Railways for 1939-40.

#### PERCENTAGE OF MUSLIMS IN CERTAIN GRADES ON EAST INDIAN RAILWAY.

**73. Khan Bahadur Shaikh Fazl-i-Haq Piracha:** Will the Honourable Member for Railways be pleased to state the percentage of Muslims in all the Divisions of the East Indian Railway drawing pay between Rs. 80 and Rs. 800 in comparison with the percentage of staff of other communities drawing pay between Rs. 80 and 800?

**The Honourable Sir Andrew Clow:** I would refer the Honourable Member to my reply to part (c) of the preceding question.

**PROMOTION TO POSTS OF SECTION CONTROLLERS, GRADE "A", IN HOWRAH DIVISION, EAST INDIAN RAILWAY.**

**74. Khan Bahadur Shaikh Fazl-i-Haq Piracha:** (a) Will the Honourable Member for Railways be pleased to state the number of the staff who have been promoted to the posts of Section Controllers, grade 'A' (Rs. 400) in Howrah Division, East Indian Railway, in the year 1940, and further state the position on the combined seniority list of grades from which staff are eligible for promotion to the posts of Section Controllers, grade 'A'?

(b) Is it a fact that there was no Selection Board for the examination of the staff who are eligible for promotion to the posts of Section Controllers?

(c) Is it a fact that a person drawing Rs. 150 as a Section Controller, grade 'B', has been promoted to the posts of a Section Controller in the grade of Rs. 400?

**The Honourable Sir Andrew Clow:** I have called for information and a reply will be laid on the table of the House in due course.

**STAFF SELECTED FOR POSTS OF PERSONNEL INSPECTORS ON EAST INDIAN RAILWAY.**

**75. Khan Bahadur Shaikh Fazl-i-Haq Piracha:** (a) Will the Honourable Member for Railways be pleased to state the number of the staff selected for the posts of Personnel Inspectors on the East Indian Railway during the year 1940?

(b) Is it a fact that no Muslim has been selected for the post?

(c) Is it a fact that non-Muslims drawing less pay than Muslims have been selected for the said posts?

**The Honourable Sir Andrew Clow:** (a), (b) and (c). Four men have been selected and placed in a panel for appointment to these posts; they include one Muslim. Two have been actually appointed so far; they were senior to the Muslim in question.

**PROMOTION OF INFERIOR STAFF TO CERTAIN POSTS UNDER THE POWER SUPERINTENDENT, HOWRAH DIVISION, EAST INDIAN RAILWAY.**

**76. Khan Bahadur Shaikh Fazl-i-Haq Piracha:** (a) Will the Honourable Member for Railways be pleased to state the number of inferior staff who have been promoted to the post of Fireman Grade 'A' (European), Coal Checkers, Fitters and Examining Fitters, under the Power Superintendent, Howrah Division, East Indian Railway, during the period from 1st August, 1934 to 1st February, 1941, with particular references to their dates of appointments and their original posts and pay on their appointments?

(b) Is it a fact that the promotion of inferior staff to the posts mentioned in part (a) is considered direct recruitment?

(c) If the reply to part (b) be in the affirmative, will the Honourable Member be pleased to state the dates when communal quota was obtained

from the General Manager, East Indian Railway, during the period from 1st August, 1934 to 1st September, 1940?

(d) Is it a fact that direct recruitment to the post mentioned in part (a) was made without any advertisement and Selection Board?

**The Honourable Sir Andrew Olow:** (a), (c) and (d). Information that is readily available has been called for and will be laid on the table of the House in due course.

(b) Yes, but there does not appear to be any category "Examining Fitters".

#### NON ADVERTISEMENT FOR CERTAIN POSTS IN HOWRAH DIVISION, EAST INDIAN RAILWAY.

**77. Khan Bahadur Shaikh Fazl-i-Haq Piracha:** Will the Honourable Member for Railways be pleased to state the circumstances which prevented the Divisional Superintendent, Howrah Division, East Indian Railway, from advertising the posts of Firemen (European Grade), Coal Checkers, Fitters, and Examining Fitters during the period from 1st August, 1934 to 15th February, 1941, and making recruitment through examination-cum-selection method according to communal allotment?

**The Honourable Sir Andrew Olow:** I have called for information and will lay a further reply on the table in due course.

#### MUSLIMS EXAMINED OR CONSIDERED FOR CERTAIN POSTS IN HOWRAH DIVISION, EAST INDIAN RAILWAY.

**78. Khan Bahadur Shaikh Fazl-i-Haq Piracha:** Will the Honourable Member for Railways be pleased to state the number of Muslims who were examined or considered suitable for the posts mentioned in the preceding two questions during the period from 1st August, 1934 to 15th February, 1941?

**The Honourable Sir Andrew Olow:** It will not be possible to secure the information required by the Honourable Member without extensive research which I regret I cannot authorise.

#### ADVERTISEMENT FOR POSTS UNDER THE POWER SUPERINTENDENT, HOWRAH DIVISION, EAST INDIAN RAILWAY.

**79. Khan Bahadur Shaikh Fazl-i-Haq Piracha:** Will the Honourable Member for Railways be pleased to state the dates when any subordinate posts under the Power Superintendent, Howrah Division, East Indian Railway, were advertised for general recruitment subject to communal allotment during the period from 1st August, 1934 to 15th February, 1941?

**The Honourable Sir Andrew Olow:** I have seen no such advertisement and if any were issued, I doubt if records are now available for the earlier years. If it would serve the purpose of the Honourable Member I could ascertain if any such advertisement has recently been issued and if so on what date.

**REVISIONS OF SCALES OF PAY OF CERTAIN STAFF ON EAST INDIAN RAILWAY.**

**80. Khan Bahadur Shaikh Fazl-i-Haq Piracha:** Will the Honourable Member in charge of Railways be pleased to enquire and state:

- (a) whether it is a fact that before the introduction of the new scale of Rs. 18—1—27 for the sorters on the East Indian Railway the scale of this category of staff (known as letter delivery clerks, or train despatch clerks, etc.) used to be Rs. 28—2—50 and Rs. 26—2—40 as stated in this House on 7th February, 1939, in reply to unstarred questions Nos. 86, 87, 89 and 41;
- (b) whether it is a fact that *ex-brakesmen* of the East Indian Railway, who were fixed in the new scale of Rs. 18—1—27, were re-fixed in the scale of Rs. 26—2—40 from the date they were brought on to the new scale of Rs. 18—1—27;
- (c) whether it is a fact that some of the Ticket Collectors who were drawing Rs. 52, or Rs. 64, in the II and III grades of the cadre were demoted as letter sorters and fixed in the scale of Rs. 18—1—27 (new);
- (d) whether it is a fact that, on a re-examination of the position, they were subsequently fixed in the old scale of Rs. 26—2—40 like the *ex-brakesmen* of the late Oudh and Rohilkhand Railway;
- (e) whether it is a fact that, unlike the *ex-brakesmen*, these Ticket Collectors were not fixed in the old scale with retrospective effect, *viz.*, from the date they were wrongly fixed in the new scale of Rs. 18—1—27; if so, why;
- (f) whether it is a fact that these old Ticket Collectors now employed as letter sorters on their fixation in the old scale of Rs. 26—2—40 are allowed to contribute to Provident Fund;
- (g) whether it is a fact that while employed in the scale of Rs. 18—1—27, they were not allowed to contribute to Provident Fund;
- (h) whether Government are aware that during the period they drew Rs. 27 and were re-fixed on Rs. 42, they suffered a heavy loss by not being able to contribute to Provident Fund and this loss has not been compensated as in the case of the *ex-brakesmen* by re-fixing their pay with retrospective effect; if so, why;
- (i) the rules regarding the payment of arrears in respect of pay and travelling allowances drawn by employees under circumstances mentioned in the previous parts of this question; and
- (j) whether it is a fact that during the period these old Ticket Collectors were paid Rs. 27 in the new scale against Rs. 40 in the old scale, they were paid annas six per day as travelling allowance against annas twelve per day; if so, how this loss has been compensated; if not, why not?

**The Honourable Sir Andrew Olow:** (a) and (b). Yes.

(c) to (j). I have called for information and will lay a reply on the table of the House in due course.

ALLEGED BOGUS APPOINTMENTS IN THE HOWRAH DIVISION, EAST INDIAN RAILWAY.

**81. Khan Bahadur Shaikh Fasl-i-Haq Piracha:** (a) Will the Honourable Member in charge of Railways be pleased to enquire and state whether it is a fact that in Howrah Division of the East Indian Railway several bogus appointments of commercial staff were made?

(b) Is it a fact that some of the office clerks were prosecuted for this?

(c) Is it a fact that the accused pleaded that it was with the consent and knowledge of the Personnel Officer that these appointments were made by them?

(d) Is it a fact that most of the bogus letters of appointments were signed by the Personnel Officer?

(e) What are the full facts of the case, and will the Honourable Member be pleased to lay on the table a copy of the judgment in this case?

**The Honourable Sir Andrew Olow:** (a) Yes.

(b) One office clerk was prosecuted.

(c) I have called for information and will lay a further reply in due course.

(d) I believe they purported to be so signed.

(e) I have not yet seen either of the judgments of the case and am not prepared to lay these on the table but a reply giving the main facts will be laid on the table at a later date.

GUARDS IN MORADABAD DIVISION, EAST INDIAN RAILWAY.

**82. Khan Bahadur Shaikh Fasl-i-Haq Piracha:** (a) Will the Honourable Member in charge of Railways be pleased to enquire and state whether it is a fact that senior grade guards were imported into Moradabad Division from the old East Indian Railway sections?

(b) Is it a fact that this arrangement has resulted in the supersession of guards of Moradabad Division who have been blocked on the maximum of their grades for years?

(c) How many such guards were imported and why?

(d) What was the rate of mileage allowance drawn by them while employed on the old East Indian Railway section, and what is the rate of the said allowance drawn by them in the Moradabad Division?

(e) What is the total enhancement in the mileage allowance earned by these imported guards per month?

(f) Is it a fact that some of the staff of the Loco. Branch were similarly imported from the old East Indian Railway sections and they were subsequently transferred back to their own sections (old East Indian Railway)? If so, why?

(g) Will the Honourable Member be pleased to state why this extra expenditure has been condoned by the East Indian Railway administration, which can be easily reduced by transferring back the said guards to their own sections?

**The Honourable Sir Andrew Olow:** I have called for information and a reply will be laid on the table of the House in due course.

## TRAFFIC APPRENTICES ON EAST INDIAN RAILWAY.

**83. Khan Bahadur Shaikh Fazl-i-Haq Piracha:** (a) Will the Honourable the Railway Member please state whether it is a fact that a category of Traffic Apprentices has recently been created by the East Indian Railway administration?

(b) Is it a fact that these Traffic Apprentices will be given training and they will ultimately be employed as Inspectors?

(c) What are the reasons for not affording similar facilities to the existing staff of better status and with long experience of Railway work?

(d) What is the strength of such Traffic Apprentices and how many of them are Anglo-Indians and Europeans and what are the educational qualifications of each?

(e) Is it a fact that this arrangement is recurring?

**The Honourable Sir Andrew Olow:** (a) Yes.

(b) The answer to the first part is in the affirmative; as regards the latter part, the apprentices have only been guaranteed posts of the status of guard grade I on the satisfactory completion of their apprenticeship.

(c) There is no impediment in the way of deserving employees obtaining promotion through selection, and the administration felt that there were advantages in having a grade of young men of this type.

(d) Ten, of whom four are Europeans or Anglo-Indians; seven are graduates, and three have passed the Senior Cambridge Examination.

(e) It is still an experiment.

COMMERCIAL GROUP STAFF *vis-a-vis* THE TRANSPORTATION STAFF ON EAST INDIAN RAILWAY.

**84. Khan Bahadur Shaikh Fazl-i-Haq Piracha:** (a) Will the Honourable the Railway Member please state whether it is a fact that staff of the Commercial Group on the East Indian Railway are given preference over more qualified Transportation staff when vacancies occur in the upper subordinate rank?

(b) How many members of the Commercial group were absorbed in the Transportation Branch against posts carrying emoluments above Rs. 100 per month during the last five years in the Moradabad Division?

(c) How many Transportation hands were absorbed in the Commercial Branch against posts mentioned in part (b) above?

(d) How many senior grade guards and Station Masters were absorbed in the Commercial Branch against posts carrying emoluments above Rs. 100 per month during the last five years?

**The Honourable Sir Andrew Olow:** I have called for such information as can readily be received and a reply will be laid on the table of the House in due course.

## GUARDS IN MORADABAD DIVISION, EAST INDIAN RAILWAY.

**85. Khan Bahadur Shaikh Fazl-i-Haq Piracha:** (a) Will the Honourable the Railway Member please state how many members of various other branches have been utilised as guards for an aggregate period of two years or more and are not provided in permanent vacancies in Moradabad Division of the East Indian Railway?

(b) Is it a fact that people from outside and other branches are being recruited as guards against permanent vacancies?

**The Honourable Sir Andrew Olow:** I have called for information in respect of appointments made in 1940 and 1941 and a reply will be laid on the table of the House in due course.

## MUSLIM STAFF AT PATIALA RAILWAY STATION, NORTH WESTERN RAILWAY.

**86. Khan Bahadur Shaikh Fazl-i-Haq Piracha:** Will the Honourable the Railway Member please state:

- (a) the number of Muslim staff of all categories employed at the Patiala Railway Station of the North Western Railway on the 1st January, 1939;
- (b) the number of Muslim vendors, contractors and coolies employed on the same date at that station;
- (c) the strength of the Muslim staff, vendors and coolies, separately, on that station on the 1st September, 1940;
- (d) whether there has been an agitation over the proposed demolition of a praying platform in the railway limit of that station for the last two years or so;
- (e) whether the decrease in the strength of Muslims on that station is on account of this agitation;
- (f) if the reply to the part (e) above be in the affirmative, whether the railway authorities had no other alternative except the transfer of the entire Muslim staff of that railway station;
- (g) whether the praying platform referred to in part (d) has been demolished since the transfer of the Muslim staff; and
- (h) whether Government propose to consider the advisability of re-transferring the Muslim staff to that Railway Station?

**The Honourable Sir Andrew Olow:** (a) 84.

(b) Vending Contractor one, Cooly Jemadar one—the number of Muslim coolies and salesmen is not available.

(c) Muslim staff 21, Vending Contractor Nil, Cooly Jemadar Nil. The information about coolies and salesmen is not readily available.

(d) and (e). Yes.

(f) The entire staff was not transferred, but the administration considered that the transfer of some of the staff would facilitate an equitable settlement.

(g) I am making inquiries and shall lay a reply on the table of the House in due course.

(h) No.

## REDUCTION IN THE NUMBER OF POSTAL DELIVERIES AT SIMLA LAST WINTER.

**87. Khan Bahadur Shaikh Fazl-i-Haq Piracha:** (a) Will the Honourable Member for Communications be pleased to state whether Government are aware that this winter in Simla the delivery of letters, etc., was curtailed to one delivery at twelve hours instead of three as hithertofore?

(b) Is it a fact that the business community in Simla has represented against this reduction in the number of deliveries of dak, as they are unable to reply to dak the same day, owing to the posting hours of letters having been changed to 15-30 P.M. from 5 P.M. which was the hour up to the last winter?

(c) Has the Postal Department considered this complaint of the Simla merchants and, if so, with what result?

(d) Is it a fact that with the above arrangements the dak from Simla Hills will be kept in the Simla General Post Office for more than twenty-two hours for delivery by the postman? Has the Department considered whether some more satisfactory arrangements can be made for delivery of the Hill Dak at Simla?

**Sir Gurunath Bewoor:** (a) Yes, but there is also a window delivery at 4 P.M.

(b) Some people belonging to the Simla Hills represented to the Postmaster, Simla, that there should be a regular delivery by the postmen at 16 hours instead of only a window delivery. The posting hour was 3-30 P.M. and not 5 P.M. in the preceding winter.

(c) Yes. Arrangements have been made for the mail from Simla Hills to reach Simla at 11-35 so that it may be included in the 12 o'clock delivery.

(d) The reply to the first part is in the negative; as regards the latter part, I would refer the Honourable Member to the reply given to part (c).

## REDUCTION IN CERTAIN POSTS IN THE GENERAL POST OFFICE, SIMLA.

**88. Khan Bahadur Shaikh Fazl-i-Haq Piracha:** Will the Honourable Member for Communications please state the percentage of reduction made in the upper grade clerical, supervisory and lower grade posts as compared with that in the gazetted posts in the General Post Office, Simla?

**The Honourable Sir Andrew Olow:** As compared with the staff employed in the summer months, there has been a reduction of 46 per cent this winter in the total staff of clerical (including supervisory) and lower grade posts. There is only one gazetted post and it has not been reduced.

## TRANSFER OF POSTAL STAFF FROM SIMLA TO NEW DELHI AFTER CLOSE OF THE SEASON.

**89. Khan Bahadur Shaikh Fazl-i-Haq Piracha:** (a) Will the Honourable Member for Communications please state the principle of transfer of Postal staff from Simla to New Delhi after the close of the Simla season?

(b) Is it a fact that last year only the juniormost postmen and packers were selected for transfer to New Delhi?

(c) Is it a fact that no provision exists for quarters for the staff at New Delhi and they work at New Delhi without being provided with quarters?

**Sir Gurnath Bewoor:** (a) The practice in the past was to select the staff from volunteers; and if no volunteers were forthcoming or the number of volunteers was insufficient, to select men who were not sent down during the previous year. The arrangement has been reviewed by the Postmaster-General and the following principles have been laid down:

- (1) Officials with service of 20 years and above will be exempted from seasonal transfer to Delhi.
- (2) Volunteers will be called for and sent first.
- (3) If the number of volunteers is insufficient, the remaining staff, with less than 20 years' service, will be sent in rotation, juniors being required to move first.

(b) No.

(c) Yes; but the staff transferred for the winter season to New Delhi draw the compensatory allowance and house rent allowance admissible to them.

#### RETENTION OF A FIRST GRADE POSTMASTER AT SIMLA AFTER THE CLOSE OF THE SEASON.

**90. Khan Bahadur Shaikh Fazl-i-Haq Piracha:** Will the Honourable Member for Communications please state whether it is necessary to retain a first grade postmaster at Simla when half the staff has gone away from Simla?

**The Honourable Sir Andrew Olow:** Yes.

#### STATEMENTS LAID ON THE TABLE.

*Information promised in reply to unstarred question No. 89 asked by Mr. Muhammad Azhar Ali on the 18th November, 1940.*

#### WORKING OF THE PAYMENT OF WAGES ACT, 1936, ON THE STATE RAILWAYS.

(a) The number of cases of delayed payments reported by the Inspectors of Railway Labour over a period of 3 years, since the enforcement of the Payment of Wages Act, 1936, are as under:—

Eastern Bengal Railway	...	...	...	...	...	95
East Indian Railway	...	...	...	...	...	1,147
Great Indian Peninsula Railway	...	...	...	...	...	852
North Western Railway	...	...	...	...	...	1,863

Most of these cases relate to payments of officiating, overtime and running allowances and leave salaries where pre-audit, or sanction of an authority higher than the one authorised to draw ordinary wages, was necessary. With very few exceptions the delays did not exceed one wage period. Nor were there many delays in the payment of substantive wages.

(b) The Supervisor of Railway Labour brought these cases to the notice of the Administrations concerned and impressed upon them the necessity for avoiding delay in payments.

(c) Without being invested with statutory powers under the Payment of Wages Act the Inspectors are able to carry on their work of inspection. They are able to rectify defects on the spot in many cases in collaboration with local Railway Officials and in more important cases they can write to the Supervisor of Railway Labour for taking necessary action.

*Information promised in reply to part (c) of unstarred question No. 11 asked by Dr. Sir Ziauddin Ahmad on the 17th February, 1941.*

**RESTRICTION IMPOSED ON MUSLIM SALESMEN BY THE WESTERN W. I. COMPANY BAREILLY.**

It has been reported that the Western India Match Company allot to each dealer a quota based on the average sales made by him during the period from January to August 1940. This is the only factor taken into account.

**MOTION FOR ADJOURNMENT.**

**RIGHTS OF INDIANS IN CEYLON.**

**Mr. President** (The Honourable Sir Abdur Rahim): I have received notice of a motion for the adjournment of the business of the House from Mr. Govind V. Deshmukh, who wishes to discuss a definite matter of urgent public importance, namely, the proposed introduction on March 4 in the Council State, Ceylon, of the two Bills affecting the rights of Indians overseas, one for regulating and controlling the entry of non-Ceylonese into Ceylon and the other for registration of persons in Ceylon who do not possess Ceylon domicile or origin, approved by the Board of Minister, Ceylon.

I take it the Honourable Member recognizes that this is not really a responsibility of the Government of India and moreover, the whole matter—although the Bills had not then been actually introduced in the Ceylon Council—of the relations between Indians in Ceylon and the Ceylon Government was discussed fully the other day.

**Mr. Govind V. Deshmukh** (Nagpur Division: Non-Muhammadan): I submit, Sir, that the responsibility certainly is with the Government of India—because the interests of the Indians overseas forms a portfolio . . .

**Mr. President** (The Honourable Sir Abdur Rahim): Yes, but the matter was really discussed the other day. It was public knowledge that Bills like these were going to be introduced there.

**Mr. Govind V. Deshmukh**: Sir, in spite of the debate on the last occasion, the Ministers are going ahead and I submit that by means of an adjournment motion we would be strengthening the hands of the Government . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): Besides, the Governor of Ceylon said the other day that he was watching the situation and would take appropriate steps.

**Mr. M. S. Aney** (Berar: Non-Muhammadan): May I ask whether the Secretary would be willing to accept a short notice question in view of this?

**Mr. J. D. Tyson** (Secretary, Department of Education, Health and Lands): Yes.

**Mr. Govind V. Deshmukh**: Then, I do not move it.

## ELECTION OF THE STANDING FINANCE COMMITTEE.

**The Honourable Sir Jeremy Raisman** (Finance Member): Sir, I move:

"That this Assembly do proceed to the election, for the financial year 1941-42, in such method as may be approved by the Honourable the President, of a Standing Finance Committee of the Assembly not exceeding fourteen in number, to which shall be added a member of the Assembly to be nominated by the Governor General. The Member so nominated shall be the Chairman of the Committee."

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

"That this Assembly do proceed to the election, for the financial year 1941-42, in such method as may be approved by the Honourable the President, of a Standing Finance Committee of the Assembly not exceeding fourteen in number, to which shall be added a member of the Assembly to be nominated by the Governor General. The Member so nominated shall be the Chairman of the Committee."

**Dr. Sir Ziauddin Ahmad** (United Provinces Southern Divisions: Muhammadan Rural): Sir, may I ask a question? Our practice in previous years has been that the Members were elected after the Budget has been discussed in the Assembly, but my friend has adopted the method of having the election in the earlier part of the Session. I should like to say in this connection that he has already convened a meeting of the Standing Finance Committee on the eighth of this month, and suppose the election takes place before the 8th, what will happen? Will the new Members sit on the Committee on the 8th or the old Members?

**The Honourable Sir Jeremy Raisman**: The motion is "to proceed to the election for the financial year 1941-42". I have no intention to depart from the practice in this matter and any meetings of the Standing Finance Committee held during the month of March will obviously be meetings of the existing Standing Finance Committee.

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

"That this Assembly do proceed to the election, for the financial year 1941-42, in such method as may be approved by the Honourable the President, of a Standing Finance Committee of the Assembly not exceeding fourteen in number, to which shall be added a member of the Assembly to be nominated by the Governor General. The Member so nominated shall be the Chairman of the Committee."

The motion was adopted.

**Mr. President** (The Honourable Sir Abdur Rahim): I may inform Honourable Members that for the purpose of election of members for the Standing Finance Committee for the financial year 1941-42, the Notice Office will be open to receive nominations up to 12 Noon on Wednesday, the 5th March, 1941, and that the election, if necessary, will take place on Tuesday, the 11th March, 1941. The election, which will be held in the Assistant Secretary's room in the Council House between the hours of 10-30 A.M. and 1 P.M., will be conducted in accordance with the principle of proportional representation by means of the single transferable vote.

## THE MADRAS PORT TRUST (AMENDMENT) BILL.

**The Honourable Sir Andrew Olow** (Member for Railways and Communications): Sir, I move for leave to introduce a Bill to alter the constitution of the Board of Trustees of the Port of Madras.

**Mr. President** (The Honourable Sir Abdur Rahim): The question is: "That leave be granted to introduce a Bill to alter the constitution of the Board of Trustees of the Port of Madras."

The motion was adopted.

**The Honourable Sir Andrew Olow**: Sir, I introduce the Bill.

### DEMANDS FOR SUPPLEMENTARY GRANTS—RAILWAYS.

#### DEMAND NO. 1—RAILWAY BOARD.

**Mr. B. M. Staig** (Financial Commissioner, Railways): Sir, last year on this occasion I was taken gently to task by one or two Honourable Members because of the magnitude of the Demands I then presented to the House. On that score, I am this year in a much happier position. Our revised traffic receipts exceed those in the original Budget by over six crores, but were it not for the provision we are now making for a dearness allowance, our revised estimate of the working expenses would have been substantially lower than the Budget. This is due to the fact that the rise in the price of materials, for which we budgeted, has not been so serious as we anticipated a year ago. Of the Demands I now submit to the House, the two very large ones are those under Heads 10 and 10—A—the appropriation to the Reserve and the withdrawal therefrom for the purpose of writing down part of the capital of dismantled lines.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member has not yet moved Demand No. 1?

**Mr. B. M. Staig**: I was going to explain a few points and then to move the Demands. These two demands do not contemplate expenditure in the ordinary sense. The former reflects an act of saving rather than one of spending, and the latter covers accounting transactions. These two proposals were very fully explained in the Budget speech of the Honourable Member for Railways, and yesterday the House voted the Demand for the appropriation to Reserve for next year. The allocation to the reserve this year is based on the same principles and method of calculation. Actually the supplementary demand is less than the amount we are now earmarking in the reserve for the advance payment to general revenues next year. The use of the reserve to write down capital at charge of dismantled lines is in accordance with clause 4 of the Convention of 1924, and both of these measures are directed to strengthening the financial soundness of the Railways. The next largest Demand. . .

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member ought to explain the individual Demands *as they are moved*. That is the proper procedure. However, he may go on if he likes, as he has already started.

**Mr. B. M. Staig:** Sir, I beg to move:

"That a supplementary sum not exceeding Rs. 71,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending 31st March, 1941, in respect of 'Railway Board'."

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

"That a supplementary sum not exceeding Rs. 71,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending 31st March, 1941, in respect of 'Railway Board'."

**Mr. Lalchand Navalrai** (Sind: Non-Muhammadan Rural): In the explanatory note it is said "the excess in the voted grant is due mainly to the appointment of officers whose pay is votable in place of officers whose pay was non-votable". I should like to know what the position is. How were these officers appointed in place of non-votable officers? Are they new appointments or old ones and why were these officers placed under votable while the previous officers were non-votable? What was the necessity for making such appointments?

**The Honourable Sir Andrew Clow** (Member for Railways and Communications): The Honourable Member is doubtless aware that under the present Rules and Regulations certain officers' pay is subject to the vote of the House and the pay of certain other officers is not so subject because under the terms of their appointment their pay is non-votable. In the course of the year naturally changes take place in the incumbency of a number of posts and officers whose pay is votable may replace officers whose pay is non-votable. That leads to an excess in the Budget which has been passed on the assumption that a certain number of posts will be filled by officers whose pay is non-votable. I can mention one recent instance of the appointment of Mr. Wilson whose pay is votable in place of Sir Guthrie Russell whose pay was not.

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

"That a supplementary sum not exceeding Rs. 71,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending 31st March, 1941, in respect of 'Railway Board'."

The motion was adopted.

#### DEMAND No. 2—AUDIT.

**Mr. B. M. Staig:** Sir, I beg to move:

"That a supplementary sum not exceeding Rs. 17,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending 31st March, 1941, in respect of 'Audit'."

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

"That a supplementary sum not exceeding Rs. 17,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending 31st March, 1941, in respect of 'Audit'."

The motion was adopted.

## DEMAND No. 5—PAYMENT TO INDIAN STATES AND COMPANIES.

**Mr. B. M. Staig:** Sir, I beg to move:

"That a supplementary sum not exceeding Rs. 38,82,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending 31st March, 1941, in respect of 'Payment to Indian States and Companies'."

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

"That a supplementary sum not exceeding Rs. 38,82,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending 31st March, 1941, in respect of 'Payment to Indian States and Companies'."

**Maulvi Muhammad Abdul Ghani** (Tirhut Division: Muhammadan): I want to know from the Honourable Member details about the worked lines to which this sum of Rs. 38,82,000 is going to be given. There are no details given in this book.

**Mr. B. M. Staig:** I am afraid I cannot give the Honourable Member from memory details of the big list of lines to which this sum is to be paid. There are worked lines on all the State-owned railways; one, for example, which it has been recently announced will be taken over by Government is the Tapti Valley Railway which is now being operated by the Bombay, Baroda and Central India Railway Company on behalf of the owning company. There are many other worked lines and full information with regard to them will be found in the History of Indian Railways, a publication which will be found in the Library of the House. The additional sum now required arises from the fact that the worked lines have shared in the prosperity of the State-owned lines and the budget provision which now exists is not enough to meet the payments to the companies which will be due to them.

**Maulvi Muhammad Abdul Ghani:** Are all the worked lines going to be given a share?

**Mr. B. M. Staig:** I cannot say exactly how much of this total amount will accrue to each individual worked line but the amount will be calculated in accordance with the provisions of the contract.

**Maulvi Muhammad Abdul Ghani:** I want to know those details. How much will each worked line get? That detail is wanting here.

**Mr. B. M. Staig:** Those details, I can only discover by reference to the detailed document showing the payments to individual railways. I regret I cannot produce it now, but I have a recollection it is printed up in the numerous budget papers.

**Maulvi Muhammad Abdul Ghani:** In view of the statement which the Honourable Member made, I oppose the whole demand. This House has always insisted on getting details . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member cannot make so many speeches.

**Maulvi Muhammad Abdul Ghani:** I was only eliciting information.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member has already spoken.

**Maulvi Muhammad Abdul Ghani:** I only elicited some information and after what the Honourable Member, Mr. Staig, said, I wish to oppose the demand . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): He cannot make a second speech. The Honourable Member I take it opposes the demand.

The question is:

"That a supplementary sum not exceeding Rs. 38,82,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending 31st March, 1941, in respect of 'Payment to Indian States and Companies'."

The motion was adopted.

DEMAND NO. 6-D.—WORKING EXPENSES—MAINTENANCE AND WORKING OF FERRY STEAMERS AND HARBOURS.

**Mr. B. M. Staig:** Sir, I beg to move:

"That a supplementary sum not exceeding Rs. 2,50,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending 31st March, 1941, in respect of 'Working Expenses—Maintenance and Working of Ferry Steamers and Harbours'."

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

"That a supplementary sum not exceeding Rs. 2,50,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending 31st March, 1941, in respect of 'Working Expenses—Maintenance and Working of Ferry Steamers and Harbours'."

*Steamers plying between Ceylon and India.*

**Sir F. E. James** (Madras: European): Sir, I should like to make two points. This demand includes a sum which is provided for the South Indian Railway in respect of increased cost of coal and oil fuel. My first point is that the arrangements with regard to the service between India and Ceylon from the financial point of view should be looked into. The matter was discussed at the meeting of the Standing Finance Committee the other day. I do not want to go into that matter in detail on the floor of the House, but I should like to have an assurance that the financial arrangements, which seem to me to be unsatisfactory to India in regard to the operation of the ferry service, will be gone into carefully. Secondly, I should like to draw the attention of the Honourable Member for Communications to the unsatisfactory nature, from the passengers' point of view, of the steamers which now ply between Ceylon and India on the south Indian route. I have occasion to travel that way when I cannot get an aeroplane on several occasions during the year and I am bound to say that the condition of the steamers is no credit to this country. After a stay in Ceylon, which is noted for its cleanliness, you realise:

at once that you are coming back to India when you step on one of these steamers, for it is full of dust and it is uncomfortable and has all those characteristics which are attached to travel in this large country. I do not think that even Hanuman, when he went to Lanka, would have enjoyed travelling on one of these steamers . . . .

**Mr. M. S. Aney** (Berar: Non-Muhammadan): He jumped over it.

**Sir F. E. James:** All I can say is that he was fortunate. If he had to travel on one of these steamers, he would never have found Sita. I do hope something can be done. The ordinary accommodation for upper class travel on these steamers is bad: they have a most unfortunate arrangement whereby the chimney of the cook-house below is immediately in front of the passengers; so that instead of enjoying Ceylon's spicy breezes passengers get the smell of the curries down below and the soot from the fire, according as they move your seat across one side or the other. If, unfortunately, it happens to be raining, there is, of course, a small saloon which is usually occupied by the police or other officials, into which passengers can go; but if there are more than about five passengers it gets crowded and there are few comfortable chairs to sit upon. The ordinary upper class passengers as a rule have to sit in a draught on the deck to the lee-side of the aforesaid chimney which blasts soot and curry fumes. One of the steamers I travelled on is called the "Irwin"—I do not know whether the other is called "Gandhi"; but I think this practice of attaching distinguished names to undistinguished modes of locomotion is one that the Communications Department might drop . . . .

**The Honourable Sir Jeremy Raisman:** Evil communications corrupt!

**Sir F. E. James:** It may be, of course, that this is the real reason for the unfortunate relations between India and Ceylon, and I might suggest to the Secretary for Education, Health and Lands, that a little cleaning up of the ferry steamers might bring about a far better feeling between people of that island and the people of this country. I hope that these remarks will be conveyed to the gentlemen in South India who are concerned with this ferry steamer. It has been bad for years. The South Indian Railway, in calling attention to the delights of travel in Ceylon speak of these steamers as fast twin-turbine steamers offering every comfort. I suppose they occasionally go to Ceylon themselves—the Agent and other officers of the South Indian Railway—but they cannot go as often as I do and I am speaking as one of the many harassed and disappointed passengers.

**Dr. Sir Ziauddin Ahmad** (United Provinces Southern Divisions: Muhammadan Rural): Sir, may I draw the attention of the House to page 4 of the Supplementary Demands? One of the reasons for this demand is given here as a foot-note: "On all railways provision has been made for the possible payment of war dearness allowance to certain low-paid staff." This is the first time that the vote of the House is invited to pay dearness allowance as a result of the Court of Inquiry. I do not want to discuss the Court of Inquiry's report, as I assume that it has already been discussed yesterday in connection with a cut motion. But there are one or two points to which I would certainly like to draw attention, which have not been discussed on the floor of the House. The first thing is that the

[Sir Ziauddin Ahmad.]

Court of Inquiry, I understand, was appointed, not by the Railway Department, but by the Labour Department of the Government of India. When a question of such importance is initiated, we expect that the matter would be laid before the Standing Finance Committee for Railways or the general Standing Finance Committee; but this question was never discussed by either of these Committees, and the Government undertook to pay the expenditure without any reference to any committee whatever. This is not war expenditure; it is not expenditure of the type which is very urgent or in which you could have dispensed with the opinion of the committee. It was an expenditure which might lead on to bigger commitments, and so I think it was wrong on the part of the Government of India to initiate a very big scheme and appoint a committee of inquiry, which may result in an expenditure of crores and crores of rupees without any reference whatsoever . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): Here crores of rupees do not come in.

**Dr. Sir Ziauddin Ahmad**: Ultimately it will come in.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member is really trying to discuss a motion that has already been discussed.

**Dr. Sir Ziauddin Ahmad**: This particular thing ought not to have been mentioned as a side remark. First, we ought to have discussed this question in principle whether we agree to the dearness allowance at all, and it should not be put in merely as a side remark in a budget which has nothing to do with dearness allowance. Before they put in the budget I think it is fair that we should have been invited by the Government to discuss whether the dearness allowance should be given at all . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): That was done.

**Dr. Sir Ziauddin Ahmad**: I thought that the report of the Court of Inquiry was not discussed by this House . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): It was fully discussed yesterday.

**Dr. Sir Ziauddin Ahmad**: What Resolution was talked which was negatived or accepted? It was in connection with a cut motion no doubt, but it is not the Resolution. The point that was not discussed is whether it should affect the railways alone—I say this thing will affect all the servants of the Government of India . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member cannot travel over such a wide field as that on a supplementary grant. The Honourable Member missed the opportunity, and he cannot claim it now.

**Dr. Sir Ziauddin Ahmad:** I would not like to make commitments on this particular question as it will lead to commitments of a broader nature elsewhere. Had it been a small sum, complete and sufficient by itself, it would have been all right. But it will lead on to other expenditure not only in the railway budget but in the general budget and, therefore it requires very serious consideration and it cannot be passed off in a side remark. I think it is very desirable that before the Government put forward this important Demand they ought to provide this dearness allowance for all the Departments of the Government of India on certain principles. The principle advocated in the Finance Committee by some Members was that if in any province it is found by the Board of Inquiry that a dearness allowance is necessary in certain localities, then all the servants under the Government of India, whether employed in the Railways or in the Post Office or any other Department, should get the same dearness allowance, irrespective of the Department to which they belong. This is the principle on which we ought to work; but if they begin as they have begun on this particular demand, putting it as a side remark "possible payment of dearness allowance", I think it is not just and reasonable. This particular Demand ought to be put as a substantial demand by itself and not shoved in in the middle of a large number of other items of expenditure and taking our votes and committing us to this expenditure, not only here but in all other Departments of the Government of India. I would, therefore, suggest, if the Honourable Member agrees, that he should remove for the present the words "dearness allowance" from this particular Demand and then we will have no objection to pass it as it is.

**Sir Cowasji Jehangir (Bombay City: Non-Muhammadan Urban):** Sir, I notice that in the foot-note that was referred to by my Honourable friend, Sir Ziauddin Ahmad, it says "possible payment of war dearness allowance." It does not say it is a war allowance—it is a possible payment of a war allowance. They make provision for a possibility that might take place in the future. Now, Sir, several references were made to the debate that took place yesterday. May I point out that the debate that took place yesterday was not initiated by Government but was initiated by the European Group who took advantage of the Budget to move a cut and, thereby, this House got an opportunity to discuss this very important matter. Since it says "possible payment of war dearness allowance",—it may be a possibility that such a provision may have to be made and I presume that Government will give this House an opportunity of discussing this matter on its merits when they have made up their mind as to what they are going to do on the Report. If that is so, and an opportunity will be given before the expenditure already earmarked in the Budget is incurred, I do not think we shall have any occasion to grumble, but if Government make use of this money before giving the House an opportunity of discussing their own proposals on that Report, I think it would be rather unfair to this House, and Government should not take yesterday's debate as a debate on their own conclusions which they have not arrived at. Therefore, I do hope that Government will give an assurance that this House will be given an opportunity of discussing their proposals, and if the House approves of their plans, they may of course take advantage of the Budget provisions they may make on a hypothetical basis.

**The Honourable Sir Jeremy Raisman** (Finance Member): Sir, there is one point in regard to Dr. Sir Ziauddin's remarks which I feel I ought to intervene to make clear. Dr. Sir Ziauddin Ahmad suggested that we were accepting some new principle in regard to Government servants in general, and that before we committed ourselves to any principle of that kind, we ought to place the whole matter before the Standing Finance Committees for Railways and for general finances. Well, I will not deal at this moment with the question of Railways because it has always been recognised that the case of railway establishments must be considered separately from that of the general body of Government servants. There are special considerations which apply to railway establishments which do not apply or not equally to other Government servants, and I for one would never accept the principle that in agreeing to dearness allowance or dearness allowance on a particular scale for the *quasi*-industrial establishments which are employed on our railway systems I was committing myself to similar compensation to *chaprasis* employed in rural districts and to all the miscellaneous types of inferior Government servants who are employed in the other Departments of the Government. Now, in relation to those general establishments, the point which I wish to make clear is this. It is an old established principle that certain compensations may be given to those establishments when the price of the main staple food stuffs rises above a certain limit. There is nothing new or revolutionary in that; it is embodied in a supplementary rule which is attached to the Fundamental Rules, and at most times the position obtains that when the cost of food stuffs rises above certain fixed points, a large number of inferior Government servants automatically become entitled to certain allowances which are familiarly known as grain compensation allowances. Another practice which is common is that when Provincial Governments have adopted and promulgated certain schemes of grain compensation allowance, then the Central Government servants who are employed in areas under the jurisdiction of those Provincial Governments are normally placed on the same basis, the principle being that a Local Government knows what compensation is appropriate, and that the Central Government may take it that it may rightly be extended to general Government servants. I wanted to make that clear both in regard to the technical position that this is not a new service, and also that I do not accept the suggestion that this analogy is applicable throughout the range of Government servants.

**Sir Cowasji Jehangir:** I presume the Honourable Member is not talking of the Railways but he is talking of all except the Railways?

**The Honourable Sir Jeremy Raisman:** Yes. But Dr. Sir Ziauddin Ahmad's suggestion was that we had accepted the principle as applicable to Government servants in general.

**Sir Cowasji Jehangir:** I would like an answer to the question I put.

**Dr. Sir Ziauddin Ahmad:** I said that if this principle of giving dearness allowance is accepted, whether it would be restricted to Railways, or extended to all the servants of the Government of India who live under similar conditions.

**Sir Muhammad Yamin Khan** (Agrar Division : Muhammadan Rural) : Sir, there is one point which I should make clear so that there may not be any misapprehension. Probably even the Honourable the Finance Member is not aware of the fact that the matter was placed before the Standing

Finance Committee for Railways which discussed this subject on several occasions. We knew that dearness allowance was going to be given to the minor employees of the Railways. Of course, we had not committed ourselves to any particular scheme as to what kind of relief should be given, but the Standing Finance Committee did commit itself to this proposal that a lump sum may be provided in the Budget so that when the Government comes to a decision as to the quantum of relief, it may be given from this lump sum provision. This was the only commitment of the Standing Finance Committee, and with this object I find it stated here "possible payment of war dearness allowance". This has been put in with the full approval of the Standing Finance Committee for Railways. Now the point is, what is the exact amount of dearness allowance that should be given. I wish the Government had come to a decision on this as soon as possible. It is no use delaying the matter. We all know that the Railways have got a big surplus, and, naturally, the low paid employees expect something on account of the increase in the price of food-stuffs. First of all, there is a big surplus, and this must have been obtained by the hard work done by many of the employees themselves. It may be urged that this hard work was done not merely by the low paid employees but the higher paid people also had contributed a good deal to this surplus; and if it is contended that the higher paid employees also should be given dearness allowance, which may be about Rs. 10 or so a month, it will look ridiculous. But in the case of the low paid employees, the demand is quite justified because the prices of all staple foodstuffs have gone up owing to the war.

With regard to the application of the general principle of granting dearness allowance to low paid employees of all the Departments under Government, I should prefer to wait till this evening. When the Honourable the Finance Member will come out with his Budget and when he lays all his cards, which he is now concealing, on the table this afternoon, I might be able to ask him to come forward with a scheme for granting relief to low paid employees of all the Government Departments. But we cannot postpone consideration or giving help to the low paid employees of the Railways simply because the General Budget has not come for discussion. I am sure everybody can feel that the reason why the Government have not come to any decision here is that they are waiting till the General Budget is presented, and whether the low paid employees will be paid by further taxation or whether there is going to be another surplus in the General Budget also. But here on the Railways there is a surplus and if out of that surplus a certain portion is allowed for the lower paid employees, there is no harm. We are committed in so far as that possible increase may be given, and I think that is perfectly justified and has been fully considered by the Standing Finance Committee for Railways.

**Mr. M. S. Aney:** I would not have liked to intervene in this debate but for the fact that I find that some misunderstanding has been created amongst the Members here because in the Supplementary Demand an item for dearness allowance is included. You know there was a debate yesterday on the report of the Enquiry Committee. That Committee was mainly intended to investigate into conditions of the railway employees of a particular railway and an admission was made by the Government themselves in the terms of reference that the recommendations of that Committee might have to be extended to other railway lines also. In the course of the debate yesterday it was discovered that at least one section of this House is not satisfied with the method of the investigation. Though

[Mr. M. S. Aney.]

they did not want to enter a direct protest against the findings of that Committee, at the same time they said that the method by which the investigation was conducted and the evidence on which the conclusions were drawn were not satisfactory. In the reply which the Honourable the Railway Member gave to that debate, he also seemed to indicate to us that the appointment of a Committee of Enquiry was not really a very appropriate way of approaching and investigating questions of this kind. On the other hand, he thought that negotiations between parties concerned was a better method of coming to conclusions in matters of this nature. It appears to me so far as the railways themselves are concerned, that they are not prepared to take the report and the conclusions therein in the form as they exist, but they seem to think that they have to approach certain other interests before making up their minds as regards the extent to which they want to give this allowance and so on. So, the matter is not yet settled even for the railways. When the provision was made before the Railway Standing Finance Committee, some objection was taken by the members of that Committee, but it was given out to us that this provision does not commit members of the Committee to anything at all, that it does not commit them to the particular rate at which allowance is to be given, but that it only means this, that in case Government come to any conclusion that certain allowances are to be increased or to be given to the railway employees, a possible provision is being made here; no conclusion is still arrived at. This amount will remain in their hands and the grant to that extent will lapse if no conclusion is at all reached. That is the understanding between the Financial Commissioner and the members of the Standing Finance Committee. The members of the Standing Finance Committee have not committed themselves to any particular rate at which the allowance should be given. They have not even committed themselves as to whether any allowance should be given or not. They have only considered one point, namely, that in case the Government come to that conclusion, the amount is provided for here; but they have reserved to themselves the right of examining the conclusions of Government when they were duly arrived at, and they may express any opinion they like, and this provision may or may not be utilised in accordance with the conclusions that may be arrived at at a later stage. This is the position in which the whole matter stands. Therefore, I had the other day, put a question to the Honourable the Railway Member, although the basis of ascertaining this dearness allowance laid down may not be correct, what is the general trend of the negotiations that have been going on between the Railway Member on the one hand and the All India Railwaymen's Federation on the other? The Honourable Member in his reply stated "The Honourable Member is entitled to draw his own conclusions therefrom", but at the same time he invited attention to the fact that some provision had been made for that kind of expenditure in the Railway Budget. There the matter stands. I, therefore, think that by voting for this supplementary grant we are not virtually committing ourselves to any definite amount being allocated for dearness allowance at all.

**The Honourable Sir Andrew Olow:** Sir, this debate has followed rather a confusing course. I do not know if the Honourable the Baronet from Bombay was in the House when I spoke on the cut motion that was made yesterday. I find that Mr. Aney who has just spoken was not able to attend the last meeting of the Standing Finance Committee for Railways . . . . .

**Mr. M. S. Aney:** I was not.

**The Honourable Sir Andrew Clow:** . . . . . at which the position was carried a little further than he indicated. I set out the position before the House yesterday, I thought fairly clearly. I made it clear that we had made certain proposals and we were awaiting their acceptance, and I find from the proceedings of the meeting of the Standing Finance Committee for Railways which was held a few days ago, that the Chairman explained to the Committee the details of the scheme which Government contemplated of giving allowance, and asked that it be kept strictly confidential, a matter which I am glad to say every member of the Committee has very carefully observed. The scheme was approved by all the members of the Committee except two. In consequence we put before the House yesterday in our demands for grants a provision for next year,—not for this year as that amount relates of course to the following year.

**Mr. M. S. Aney:** May I just ask one thing? Does the Honourable Member mean to say that the scheme which the Government contemplate was placed before the Committee and the Committee accepted the scheme?

**Sir Muhammad Yamin Khan:** Yes, by a majority.

**The Honourable Sir Andrew Clow:** This is what I said yesterday:

"I do not think it would be fitting for me at this stage when the negotiations are incomplete to give to the House any indication of our actual views on the conclusions reached by Mr. Justice Rau and his colleagues. I feel sure that the European Group will be the first to recognise that if you can reach a solution by the methods of industrial negotiation that forms a sounder basis than a report on academic and economic lines whatever your views may be on the findings they have reached. We shall endeavour to keep the Standing Finance Committee in touch with any important changes in the situation and I ask the House to defer their conclusions on any decisions we may have reached to a later date."

If the House felt that the line we have taken was wrong, obviously the provision made for next year should have been cut out and the House should have asked that further proposals should be placed before them.

**Sir Cowasji Jehangir:** But the Honourable Member never informed the House that the matter had been placed before the Standing Finance Committee for Railways and that the members have committed themselves to that extent?

**The Honourable Sir Andrew Clow:** Oh, yes.

**Sir Cowasji Jehangir:** I understood my Honourable friend to say that Government were considering the matter, that they preferred negotiations to merely looking into the report, that they would come to certain definite conclusions and when those conclusions were arrived at—from the few remarks that he has read out, I came to the conclusion that this House would have an opportunity of considering the decisions or the conclusions of Government after the negotiations.

**The Honourable Sir Andrew Clow:** Well, Sir, I did not, of course, repeat what was contained in this publication which has been presented to every Member of the House and which contains

[Sir Andrew Clow.]

the proceedings of the Standing Finance Committee for Railways held on the 20th February last, as I assumed that the Honourable Member was familiar with these facts. The present provision is, of course, only the carrying out of the same principle in respect of the present year in the possible chance that a conclusion may be reached in time to make a disbursement during the current year which, at the moment, seems rather unlikely.

**Sir Cowasji Jehangir:** Am I to understand that the House will get an opportunity of discussing this matter only next year and nothing will happen in the interval so far as the Government is concerned? Will they now initiate a debate, will they bring the matter before the House, or will they leave it to the next year's Budget?

**The Honourable Sir Andrew Clow:** The House was discussing next year's Budget yesterday. It was open to the House then to express any views they felt in the matter.

**Sir Cowasji Jehangir:** The answer was that you had not come to any conclusion.

**The Honourable Sir Andrew Clow:** The answer was that the negotiations were not complete.

**Sir Cowasji Jehangir:** When they are complete, will this House be given an opportunity to consider them? It is no use having an opportunity when the Government themselves have not made up their mind. Government had not made up their mind and we were only considering the report. It was a purely academic discussion. After the Government have made up their mind, is this Honourable House going to get an opportunity to consider this matter?

**The Honourable Sir Andrew Clow:** It is not my intention to place before the House every proposal on which we and the Federation may have agreed. As I said, the Standing Finance Committee for Railways have approved the scheme and we then made a provision in the Budget. That is the ordinary method of making a provision in the Budget, and the House has voted that provision. I hope I have now made the position clear beyond any possible doubt.

**Lieut.-Colonel Sir Henry Gidney (Nominated Non-Official):** May I ask if the other bodies of railway employees were consulted?

**The Honourable Sir Andrew Clow:** We are not consulting other bodies. The Federation would doubtless consult its constituent units.

If I may come now to the rather lighter matter raised by Sir Frederick James, I think he referred to the nomenclature of steamers, a point on which I rather sympathise with him. I recently visited a very large port where I found a big boat bearing the name of a distinguished lady well known in this House, stirring up the mud in one place and slinging mud in another. But I shall ask the General Manager to see that the next

steamer is not called "Sir Frederick James". If he will turn, however, to the pink book in respect of the South Indian Railway, he will find that on page 10 a provision has been made for over ten lakhs for the provision of a steamer on this route. As the Honourable Member knows, the difficulties in respect of providing steamer especially in war time for purposes like this are considerable, but the sum has been put down and is expected to be expended during the next year.

**Mr. Muhammad Ashar Ali** (Lucknow and Fyzabad Divisions: Muhammadan Rural): Sir, after listening to the Honourable the Railway Member, I have not yet been able to make up my mind, as I find that the Honourable Member himself has not been able to make up his own mind about this dearness allowance. The words in the note that have been read twice in the House are: "the possible payment". This shows that perhaps there is no statement before the Honourable Member from the other railways. It also shows that there are no statistics to show where the dearness allowance is required, to whom it is to be paid and what should be the rate of payment and things of that sort. It shows that there are no figures at all by means of which this House can be enlightened. So, I am bound to form the opinion that there is no finality about this subject. It is rather curious that we find such indefinite statements in the report. If the figures are not to be given, at least this much could have been said before the House that so-and-so railways require so much money.

Then, I come to the other statement in this note which says: "Payment of war dearness allowance to certain low paid staff." There, again, there is no definiteness. Everywhere you say that there is a possibility of payment and then you say that a certain amount may be paid. Are these matters to be taken so lightly in this House that there should be no definiteness of any kind? We do not oppose that the dearness allowance should be paid to the lower staff. But my own idea was that formerly when the Finance Bill was discussed in this House, it was only then that these demands were put before us. I do not mean to say that this was the invariable practice but generally this was the case. If that practice had been adhered to, there would have been no such difficulty as has arisen today.

Now, Sir, the Honourable the Finance Member has advocated a new principle so far as I have been able to understand him. As the railway finance has been absolutely separated from the general finance, therefore, every item concerning the Railway Department should be absolutely out of the general finance. Such a thing we never heard before. However, as this principle has been laid down by the Honourable the Finance Member, I think the Railway Department should be more definite and should not use words like the "possibility" or "uncertainty" of the amount to be paid to the staff.

**Sir Oowasji Jehangir:** Sir, I rise on a point of personal explanation. The Honourable the Communications Member stated that this Honourable House ought to have known about the proceedings of the Standing Finance Committee for Railways which took place on the 20th of this month. I now find that the report of the proceedings was distributed to the Members late last night. I saw this report, of which I did not take any notice, late last night at about 12 o'clock. Most Honourable Members got it this morning. Under the circumstances, my Honourable friend will realise

[Sir Cowasji Jehangir.]

that we could not have been aware yesterday of the facts as to what took place in the Standing Finance Committee on the 20th February.

**The Honourable Sir Andrew Olow:** I am very sorry I did not realise that, but the Standing Finance Committee which is very representative of the Honourable Members of this House were fully informed and they must be aware of this fact.

**Sir Cowasji Jehangir:** It was not mentioned either by the Honourable Member himself or by any other Honourable Member. We could not be aware of the fact when Government circulated the report late last night and the discussion took place yesterday.

**The Honourable Sir Andrew Olow:** I think I gave sufficient indication in my speech of the position.

**Maulvi Muhammad Abdul Ghani:** Sir, regarding the dearness allowance, I want to say a word or two. First, that it was not included in the original Budget. This is a new thing after the original Budget was passed; and, secondly, the Department is not definite in saying what amount they are going to pay as dearness allowance. No detail is given. Then, this matter was first brought before the Standing Finance Committee on the 14th February, 1941. Page 2 of the proceedings, paragraph 2, says: "the demands approved by the Committee make no provision for the grant of a war dearness allowance to railway employees". Again this very thing was brought before the Standing Finance Committee on the 20th February, 1941. This shows that the Government are determined to bring this matter repeatedly before the Standing Finance Committee so that the members of the Standing Finance Committee will be compelled to accept this principle. As this is a new item, we are quite unable to give our consent to this principle at the time of the Supplementary Demands. As regards the Demand, I want to say that on the Bengal and North Western Railway at Paleza Ghat they maintain two steamers, one is from Paleza Ghat to Mahendru Ghat and the other from Paleza to Digha Ghat. The former is not worth the name of being called a steamer, as it is not more than the size of a police boat. The passengers are put to lots of inconveniences; there is overcrowding, and there are no proper arrangements for being protected against sun or rain. So I want to draw the attention of the railway authorities so that they may bring the matter to the notice of the Bengal and North Western Railway.

As regards the dearness allowance, I have already said that I am not going to give our consent, and, besides, whenever a schedule of demands is sent to us, detailed information is lacking. In the schedule of the Supplementary Demands for Grants, foot-note (b) on page 4 says, "additional quantities of wire ropes, zinc tiles and other consumable stores purchased as a measure of war emergency". It has not been made clear to us whether there was sufficient material in stock or not so that we may be in a position to judge whether this expenditure should or should not be sanctioned. Similar is the case as regards the nature of repairs; no detail is given to us and we are taken by surprise. We resent this sort of procedure on the part of the Department concerned.

**Mr. B. M. Stalg:** Sir, with regard to the remarks that have fallen from the last speaker, I am afraid I have not much information about the details of the ferry administration to which he referred, but when I see his remarks in print, I shall give them careful consideration. He complained also about the absence of details in regard to the purchases of wire ropes, zinc tiles and other consumable stores purchased as a measure of war emergency. The Standing Finance Committee has given careful consideration to all these items and I think their general conclusion would be that the Railway Administration was very wise, in a war emergency, in laying up additional supplies of stores of the kind mentioned.

**An Honourable Member:** We can't hear you.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member had better speak up.

**Mr. B. M. Stalg:** In connection with this particular item of a dearness allowance, exception has been taken to my use of the word "possible". The Honourable Member for Railways has explained that negotiations are still in progress and have not yet been completed. Even if they were completed tomorrow, it is very doubtful if the mere routine procedure which has to be gone through before the payments actually involved could be carried out before the 31st March; we are now at the end of February; therefore, I feel that on these grounds the use of the word "possible" was justified.

**Maulvi Muhammad Abdul Ghani:** On a point of personal explanation. Sir, the Honourable Member has just said that in his opinion I have not gone through the proceedings of the Railway Standing Finance Committee where the matter was fully explained, but . . .

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member cannot make another speech.

**Maulvi Muhammad Abdul Ghani:** But if the Honourable Member does not give any further details beyond . . .

**Mr. President** (The Honourable Sir Abdur Rahim): That is a matter of argument. The question is:

"That a supplementary sum not exceeding Rs. 2,50,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending 31st March, 1941, in respect of 'Working Expenses—Maintenance and Working of Ferry Steamers and Harbours'."

The motion was adopted.

#### DEMAND NO. 6-F.—WORKING EXPENSES—EXPENSES OF GENERAL DEPARTMENTS.

**Mr. B. M. Stalg:** With your approval, Sir, I do not propose to move the Demand under the head No. 6-E; with your permission I shall proceed to move the Demand under 6-F. I beg to move:

"That a supplementary sum not exceeding Rs. 4,45,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending 31st March, 1941, in respect of 'Working Expenses—Expenses of General Departments.'"

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

"That a supplementary sum not exceeding Rs. 4,45,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending 31st March, 1941, in respect of 'Working Expenses—Expenses of General Departments'."

The motion was adopted.

DEMAND NO. 6-G.—WORKING EXPENSES—MISCELLANEOUS EXPENSES.

**Mr. B. M. Staig:** Sir, I beg to move:

"That a supplementary sum not exceeding Rs. 17,65,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending 31st March, 1941, in respect of 'Working Expenses—Miscellaneous Expenses'."

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

"That a supplementary sum not exceeding Rs. 17,65,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending 31st March, 1941, in respect of 'Working Expenses—Miscellaneous Expenses'."

*Frontier Mail Accident.*

**Dr. Sir Ziauddin Ahmad:** Sir, I have got a cut motion and the reason for the cut motion is . . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member wants to move it?

**Dr. Sir Ziauddin Ahmad:** Yes, Sir, I want to move:

"That the demand for a supplementary grant of a sum not exceeding Rs. 17,65,000 in respect of 'Working Expenses—Miscellaneous Expenses' be reduced by Rs. 100."

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member knows that he cannot raise any question like that, to discuss the Frontier Mail accident.

**Dr. Sir Ziauddin Ahmad:** Sir, We cannot have a cut motion to a Demand which is not a new one but we want to raise . . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): Not a general question like that—surely not. If it is any question of policy and a new demand, that is another matter, but this is only a Supplementary Demand; you cannot raise a question as regards an accident that might have happened anywhere.

**Dr. Sir Ziauddin Ahmad:** I take it that there is one particular issue, that is, the compensation in connection with the Frontier Mail accident, which was not in the original Budget. On page 7 is a compensation clause, the compensatory payments in connection with this Accident.

**Mr. President** (The Honourable Sir Abdur Rahim): That is included in this Demand?

**Dr. Sir Ziauddin Ahmad:** Yes, it is included in that. I just want to draw the attention of the House to one or two points in connection with this motion. When the accident occurred there were all sorts of rumours in the Press. Then I wrote to the General Manager immediately asking him to give us correct information as the papers are full of all kinds of rumours but I got no reply. Then I approached the Railway Board and said 'you ought to give some kind of information' and no information was given. I do not want that the causes of the accident should be given before enquiry but it is very desirable that whenever any accident occurs, then information as to the number of persons who died and were wounded and information as to what care was taken of the wounded people and where they were sent and so on should be given within 24 hours of the accident by the General Manager. In this particular case, in spite of repeated reminders, no communiqué was ever issued either by the Railway Board or by the General Manager.

The second thing I would urge is this. Whenever you make inquiries about the causes of the accident, then the inquiry is to be made by the Inspector. That thing cannot be given out at this stage but as soon as the Inspector's report is published and examined by the Government, this thing should also be published, because we would like to know what are the causes of the accident.

Then the next thing is this. In case the accident is a very big one as in this particular case or there is difference of opinion between the local administration and the Government Inspector about the causes of the accident, then I think some kind of inquiry should be made. Of course, I do not press that you ought to appoint only a High Court Judge, because whenever we say a judicial inquiry, we always mean that there should be some experts of the railways and there should also be an imperial judge of the status of the Judge of the High Court who will be attached to them. These are the three things which I would like to bring to the notice of the Railway Department. First, information about the dead and wounded should be given within 24 hours. We should not be made to rely on press information alone because sometimes it is very difficult to believe. For example, in one case a paper like the *Statesman* of Calcutta published that the wheel of the engine went out. I went to the Chief Commercial Manager and said 'If the wheel of the engines come out, then it will seriously effect the safety of the passengers and they will be simply at the mercy of the administration'. Then by private enquiry I found that the information published in the *Statesman* was not correct but this thing was not contradicted by the Chief Commercial Manager or the General Manager or the Publicity Department. These are the three points which I want to raise in connection with this motion.

**Mr. President** (The Honourable Sir Abdur Rahim): Cut motion moved:

"That the demand for a supplementary grant of a sum not exceeding Rs. 17,65,000 in respect of 'Working Expenses—Miscellaneous Expenses' be reduced by Rs. 100."

**The Honourable Sir Andrew Olow:** I have listened to my Honourable friend opposite and I appreciate the force of some of the remarks he made. In this case, however, I do not think he is fully in possession of the facts. We try, of course, to give information after an accident. In fact there are instructions to that effect to telegraph to the Press particulars; but when an accident happens in a rather outlying part like this, all our staff are, naturally, very fully occupied in giving assistance and doing

[Sir Andrew Clow.]

all they can to mitigate its results and to clear the track and it is not generally possible for us to get ahead of the Press in this matter, so they generally publish information rather earlier. Sir Ziauddin Ahmad complained that we did not publish a full report on the accident. That is correct; there are reasons for it and the main reason is this. Two officials of the Railway were prosecuted before a judicial authority and they were sentenced to imprisonment. Their appeals are now pending before a higher court and I believe that while appeals are pending before a higher court, the publication of a report of the kind might very well be regarded as contempt of court. Even if that view is not correct, it would obviously be undesirable for us to publish comments of this kind, which may not accord with the findings of the judge who will finally pronounce on the guilt or innocence of the men, before the final decision had been given. We shall consider after the results of the appeal are available the question of whether we should not publish fuller information regarding this accident than has yet appeared.

**Mr. M. S. Aney:** What are they being prosecuted for?

**The Honourable Sir Andrew Clow:** For conduct in respect of the accident. I have not the precise sections under which they were convicted.

**Babu Baijnath Bajoria** (Marwari Association: Indian Commerce): With regard to (b), I should like to know what was the amount paid as compensation and what was the amount paid as arrears of tax to the Bombay municipality? I should like to know how many persons were compensated and also how much money was paid as tax. We want to know why this tax was in arrears even by the Railway who ought not to have been in default in paying tax to the Corporation. As regards (c), the Majdia accident, I should like to know how many persons were compensated, what was the amount paid and also the amount of arrears of tax to the Calcutta Corporation and other municipalities. Railways are very bad payers of tax as this head shows. In (d) we find again two items, payments on account of rents, rates and taxes and increased expenditure on account of air-raid protection works. Were these protection works carried out and what were the amounts? I should like to have information on these points from the Honourable Member.

**Mr. B. M. Staig:** I cannot give all the details which the Honourable Member desires, but I can give him some information. It is not in the public interest that very much should be said about the air raid protection works but the bulk of these are being carried out on the North Western Railway. The amount asked for is  $1\frac{1}{2}$  lakhs. In regard to the arrears of municipal taxation, there have been one or two disputes between the local authorities concerned and the railways in regard to the amounts payable and in certain cases an officer has been appointed under section 135 of the Railways Act to settle the matter and payments are now being made; the delay has arisen because there was a dispute as to the actual amount considered to be payable. In regard to the accident on the Bombay Baroda and Central India Railway, I understand that the compensation paid up to date amounts to  $1\frac{1}{2}$  lakhs; in regard to the Majdia accident on the Eastern Bengal Railway, I cannot give the figure but the amount of the supplementary demand is between two and three lakhs. I hope this covers the information which the Honourable Member wants.

**Mr. President** (The Honourable Sir Abdur Rahim): Are not these figures given to the Standing Finance Committee for Railways?

**Mr. B. M. Staig**: At the meetings of the Railway Standing Finance Committee, I have always supplied all the information in regard to supplementary demands that members have asked for. I always keep the papers ready there.

**Mr. President** (The Honourable Sir Abdur Rahim): Were they not actually supplied to the Members of the Railway Standing Finance Committee?

**Mr. B. M. Staig**: If they ask for the figures they are supplied. I cannot remember Sir, if these particular figures were asked for. I do not bring here all the details of the Budget relating to a particular railway administration. But I have them at the meetings of the Standing Finance Committee.

**Mr. M. S. Aney**: I do not think particulars regarding the amount involved in these accidents were supplied.

**Mr. B. M. Staig**: All I can say is that the information would have been made available had it been called for.

**Mr. M. S. Aney**: The Honourable the President wants to know whether they were supplied to individual Members.

**Maulvi Muhammad Abdul Ghani**: The proceedings of the meetings of the Standing Finance Committee do not contain all these details.

**Mr. President** (The Honourable Sir Abdur Rahim): Does the Honourable Member, Dr. Sir Ziauddin Ahmad, want to withdraw his motion?

**Dr. Sir Ziauddin Ahmad**: I am not pressing it to a Division. This may be put to vote.

**Mr. President** (The Honourable Sir Abdur Rahim): The Chair does not want any reason. The ordinary procedure is that if any motion is moved and put to the House, then the only way not to get the vote of the House on it is to withdraw it by leave of the House. The leave of the House is to be obtained.

**Dr. Sir Ziauddin Ahmad**: I do not want to withdraw the motion.

**Mr. President** (The Honourable Sir Abdur Rahim): Then the Chair has got to put the motion to the House. The question is:

"That the demand for a supplementary grant of a sum not exceeding Rs. 17,65,000 in respect of 'Working Expenses—Miscellaneous Expenses' be reduced by Rs. 100."  
The motion was negatived.

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

"That a supplementary sum not exceeding Rs. 17,65,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending 31st March, 1941, in respect of 'Working Expenses—Miscellaneous Expenses'."

The motion was adopted.

## DEMAND NO. 10—APPROPRIATION TO RESERVE.

**Mr. B. M. Staig:** Sir, I beg to move:

"That a supplementary sum not exceeding Rs. 1,64,44,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending 31st March, 1941, in respect of 'Appropriation to Reserve'."

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

"That a supplementary sum not exceeding Rs. 1,64,44,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending 31st March, 1941, in respect of 'Appropriation to Reserve'."

There is a motion in the name of Dr. Sir Ziauddin Ahmad to reduce the sum to nil. That is out of order. The Honourable Member can throw out the demand, but he cannot move such a cut motion.

**Dr. Sir Ziauddin Ahmad:** Then, I oppose the entire demand. I would first draw the attention of the House to the Convention of 1924. This used to be published as Appendix D in the Administration Report. But in the present Administration Report, the Appendix D is not there. It may be on account of economy or it may be due to other reasons.

**The Honourable Sir Andrew Olow:** This is still published in the Administration Report which has been circulated to Honourable Members. It will be found on page 136.

**Dr. Sir Ziauddin Ahmad:** That is all right. I will read the Convention from my book.

**Mr. President** (The Honourable Sir Abdur Rahim): If the Honourable Member is reading any extract from any book, he ought to give reference to the House.

**Dr. Sir Ziauddin Ahmad:** I am reading from the Administration Report of the Railway Board. This is the Convention which was established in 1924:

"The contribution shall be based on the capital at charge and working results of commercial lines, and shall be a sum equal to one per cent. on the capital at charge of commercial lines. . . . ."

Afterwards it says clearly:

"... if in any year railway revenues are insufficient to provide the percentage of one per cent. on the capital at charge surplus profits in the next or subsequent years will not be deemed to have accrued for purposes of division until such deficiency has been made good."

I am quoting from Article II of the Convention of 1924. That is unless it has paid all the arrears of the general revenues, the sum is not accrued for the purpose of division between general revenue and reserve fund. That is the clear understanding. After that the Railways were in arrears to the extent of about 37.74 crores: Then we had in the first instance a moratorium in 1937. A Resolution was brought forward by the Honourable the Finance Member in which he demanded that the payment of the arrears should be postponed till 1940. This was the first

moratorium proposed in 1937. Again later on in 1939 they brought forward another Resolution by means of which they extended the moratorium up to 1941. The Honourable the Finance Member moved the following Resolution on the 4th September, 1939:

"That this Assembly recommends to the Governor General in Council that railway revenues be declared not liable, before the 1st April, 1942, or before the fixation under section 187 (1) of the Government of India Act, 1935, of the sum therein referred to, whichever is earlier, to repay to the Depreciation Reserve Fund maintained for Indian State-owned railways, the balance outstanding on the 1st April, 1937, of loans taken from the fund to meet railway deficits or to pay to general revenues any contributions or deficiency in contributions due under the Resolution of this Assembly of the 20th September, 1924, in respect of the period beginning on the 1st April, 1931, and ending on the 31st March, 1939."

So we had a moratorium first in 1937 extending up to 1940 and it was repeated in the year 1939 extending it up to 1942, by means of which the railways were declared to be insolvent—that is, unable to pay their obligations to the general revenues. That was the position in 1939 when this Resolution was passed. But when the Honourable Member last year raised rates and fares by two annas and one anna in the rupee, then the position changed, and you cannot say that the railways are now insolvent: they showed a surplus of 14 crores. Therefore it was the business of the Finance Member, as representative of the taxpayers, as the chief director of a company whose shareholders are the taxpayers, to have seen that this railway company being no longer a bankrupt company but having got an enormous profit, on account of special taxes then the moratorium ought to have been rescinded and should no longer hold good. In that case we would have been entitled to get the arrears of the general revenues, and all the proposals which my Honourable friend has got up his sleeves to let slip at 5 o'clock this afternoon will no longer be required, because he will have a very big amount which he can realise from our *bona fide* debtors who are now in a position to pay, but who were not in a position to pay in 1939.

The other thing which strikes me is this: the moratorium is either existing or it is not existing. Will the Honourable the Finance Member please state whether it exists today or not? If it does exist, then the Honourable Member is not entitled to get anything whatever as regards the arrears which amount to 37.74 crores; but I see in the Budget that some amount is to be paid towards the arrears. This really means that the moratorium is not in existence. If the moratorium does exist, then we cannot ask for any money from the railways besides the one per cent. on the capital at charge and one-fifth of the surplus profits. But if it is not in existence—and it ought not to be in existence when our debtor is in a very flourishing condition on account of the special taxes which were imposed last year in the shape of increased rates and fares—then, it is very desirable that the Honourable Member should come forward and demand the rescinding of the resolution of 1939 and demand full payment. But this present procedure is neither one nor the other. He can neither say that the moratorium is in existence because he has taken some money out of the profits—and if he has taken some money why not take the full amount? Under section 2 of the Convention of 1934, what was the occasion to put a very large amount . . . . .

**Sir Cowasji Jehangir:** MAY I ask the Honourable Member, how much more, according to him, should have gone to the general revenues than is already allowed by the Government?

**Dr. Sir Ziauddin Ahmad:** According to the Convention, no money can be put in the reserve fund till the arrears have been paid. That is Article II of the Convention. Our arrears are 37.74 crores . . . .

**Mr. M. S. Aney:** Including the contribution to general revenues and the depreciation?

**The Honourable Sir Andrew Clow:** That goes away.

**Dr. Sir Ziauddin Ahmad:** The contribution is different. In the year 1941-42 the first charge that was made was a contribution to the general revenues of one per cent. This they have paid; but whatever surplus is left ought to go to general revenues and nothing to the reserve fund; Article II clearly says that unless the previous years' arrears which have not been paid to the general revenues should be paid, nothing can be deposited in the reserve fund . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): This being Friday, the House has to be adjourned now; it will meet at a quarter past two.

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

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The Assembly re-assembled after Lunch at a Quarter Past Two of the Clock, Mr. M. S. Aney, (one of the Panel of Chairmen), in the Chair.

**Dr. Sir Ziauddin Ahmad:** Sir, the point that I was discussing before lunch, and which I wish to press now is, that we are about to levy fresh taxation to meet the deficit of our expenditure, and before we ask the taxpayer to pay the additional taxes, we must ask our Director, who is the Finance Member in this case, to realise the debt from our debtors, that is the Railway Companies, when they are in a position to pay us. If they had not been in a position to pay us, I would not have pressed this matter at all. But since they are in a position to pay us, I feel that they ought to pay us according to the Convention of 1924. That Convention clearly says that after paying one per cent of capital at charge, if any profit is left over, then it should be divided in certain proportion between the reserve fund and the general revenues. Up to three crores our share is one fifth, and beyond that, our share is one third, but it clearly says that this profit is not supposed to have been accrued till our arrears, which amount to 37.74 crores, have been paid up. So I say the surplus shown is 6.25 crores, and so out of this not only one fifth according to the Convention should be paid back, but the entire amount ought to be paid back to the general revenues, and we are entitled to it according to Article 2 of the Convention of 1934. But the only thing that stands in the way is certain Resolutions which were passed in the Assembly in 1939. My grievance is that the Honourable the Finance Member ought to have come forward this week before the Railway Budget was presented and rescinded the Resolutions passed here in 1937 and 1939, and then we should have gone ahead and followed the Convention of 1924. We would have welcomed such a step, but I think our Director who is responsible for this did not carry out the wishes of the shareholders who in the case are the taxpayers. If he had done so, he would have got about six crores extra, and the taxation which will fall on us two

hours and forty minutes later would probably have diminished by such amount. So I oppose this motion in the interest of the taxpayers, and I think it is reasonable that we should ask our debtors to fulfil the promises and pledges that were given on the floor of the House in 1924. Until that is done, nothing should be put in the reserve fund.

Then, Sir, there is one more point. I admit that very prudent company should keep a reserve to be used in bad times. But during war time when we want money, we have really to make every penny available for war expenditure, and I feel that this is not the opportune time to build up reserves, it is the time to spend the reserve. The time for building up reserves will be when we are better off. At present when we are in the midst of a gigantic struggle, and when our military budget is enormous, it is not fair to keep unnecessary reserve in our business undertaking. It is really a big amount which we have put down, which is about 6.25 crores this year. This ought to be made available to us for general revenues for the prosecution of the war, otherwise we will be called upon to pay additional taxation. That is why I oppose this and press that the entire amount should be transferred according to the Convention of 1924 to the general revenues and thereby diminish the quantum of taxation by this particular amount, and if any Resolution which we have passed here stands in the way of doing so, the Honourable the Finance Member should have come forward with another Resolution before the Railway Budget was presented here rescinding the previous Resolution. When Government requires at this time of war every available penny, why should we put anything in the reserve fund. With these words, I oppose the motion.

**Mr. T. Chapman-Mortimer** (Bengal: European): Sir, though I have tried very hard indeed to follow the arguments of my friend, Dr. Sir Ziauddin Ahmad, I have found it at times rather difficult to do this. Of course, the subject he is discussing is a very large and a very difficult one, and the terms of the Convention to which he has so frequently referred are extremely complicated. It is not unnatural, therefore, that it should be a little difficult to follow what my Honourable friend is driving at. At the same time, if I have understood him correctly, what he says, in effect, is this.

“We do not want to make any provision for Railway Reserves; we want to go back to the Convention and enforce its terms, and if those terms are not satisfactory, then the Honourable the Finance Member should come to this House with a new Resolution cancelling the previous moratorium and asking for a new one.”

I hope I have understood my Honourable friend correctly. He suggested that every penny that was raised today was required for the prosecution of the war, and that consideration should be given to the general taxpayer who is, as he said, a shareholder, in a sense, in the Railways . . . .

**Dr. Sir Ziauddin Ahmad:** May I make a personal explanation, Sir? What I really meant is this, that the Resolution of 1924 should be observed; that is point No. 1. If any Resolution of the Assembly is standing in the way, then that Resolution should be rescinded, and the Convention of 1924 clearly says that whenever any surplus is available, then it cannot be divided between the general revenues and the reserves until all

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the arrears in the general revenues are paid up. I only want that this Convention should be followed and any Resolution that we may have passed should be rescinded . . . .

**Mr. Chairman** (Mr. M. S. Aney): The Honourable Member already said all that.

**Mr. T. Chapman-Mortimer**: I now understand what, I think, my Honourable friend was driving at. In that case I suggest the best thing he could do would be to withdraw his opposition altogether; because, as he pointed out in his speech, what he wants to do is to help the general taxpayer. In these circumstances,—if Honourable Members will reflect on the exact terms of the Convention,—they will realise that if we go back to the terms of the Convention, the general taxpayer this year and in the coming year will get precisely nothing from the Railways. I think that is correct. If we go back to the terms of that Convention, central revenues will get nothing this year or next, and the reason why it is so is this; that my Honourable friend has overlooked the fact that, apart from the arrears of contribution, there are arrears,—very considerable arrears—caused by withdrawals from the depreciation fund, and until these are repaid, obviously “the contribution” arrears cannot be paid. It is precisely because of that difficulty that the Honourable the Finance Member of that day introduced the Resolution providing for the moratorium under which we are now working. By reason of that moratorium, we are now in a position in which the Railways are able to make a substantial contribution to the central revenues, at a time when it is very necessary that they should do so. Moreover, if my Honourable friend will look at the explanatory memorandum of this year’s Budget, he will find that,—so far so good,—we have been relieved of paying to the depreciation fund certain debts which the Government of India owe to that fund. But even so, we cannot avail ourselves of all that portion of the surplus from the railways that the Honourable the Finance Member requires for the purposes of his General Budget, if we stand even on the moratorium Resolution of 1937. It is precisely for that reason, that the subject now under discussion is so involved and so complicated, and I really suggest that our distinguished friend from Aligarh should withdraw this cut motion.

**Mr. Chairman** (Mr. M. S. Aney): He has moved no cut motion. He has just opposed the grant.

**Mr. T. Chapman-Mortimer**: Well, he should withdraw, then, his opposition!

**Mr. Chairman** (Mr. M. S. Aney): You may defeat him if you like.

**Mr. T. Chapman-Mortimer**: We hope to do that shortly! My Honourable friend wants money for the general taxpayer; and yet the very thing that he is proposing defeats that very object which he says he is aiming at! I cannot see myself any sense in a proposal of that kind, nor do I see what useful purpose would be served in coming to this House now with another Resolution cancelling the moratorium and

substituting something else in its place. Some years ago,—in fact, in that very debate to which Dr. Sir Ziauddin Ahmad has referred,—this Group suggested that the time had perhaps come when Government should review the terms of that Convention. Unfortunately, circumstances beyond the control of Government and of this House have made it extremely difficult for Government to take any steps in that connection, and it is certainly most undesirable that they should do so at a time like this. No one can say for certain, until after the war is over, what the best terms would be for a revised convention. In these circumstances, Government have rightly decided to take the line that they have adopted this year. They have availed themselves of the moratorium, and in addition taken still further sums from the railway surplus for general revenues. In addition to that, they propose to transfer to the reserve a sum which will, we know, be taken out again next year against the contribution from the railways in the year 1942-43. Sir, I support the supplementary demand.

**The Honourable Sir Andrew Olow:** I have very little to add to what my Honourable friend, Mr. Chapman-Mortimer, has said, but I feel sure that the learned Doctor opposite will realise that this money is not coming to the reserve. The point that he has raised would have been much more appropriately raised last year when the House voted three crores on this very grant. Now, although we have a very much larger surplus than I expected, I expect to get from the reserve, if our estimates are correct, less than that three crores, and this grant represents the sum, that one fifth amounting, I think, to Rs. 1,82,00,000 which I am being allowed to hold in my hand for a few months before passing it over to the Finance Member.

**Dr. Sir Ziauddin Ahmad:** For general revenues.

**The Honourable Sir Andrew Olow:** For general revenues. In other words, this is not money which I am going to be allowed to retain.

**Sir Cowasji Jehangir:** Will the Honourable Member kindly explain what changes have been made in the Conventions which were agreed to in 1924 and 1937?

**The Honourable Sir Andrew Olow:** I took 4 or 5 paragraphs of my original Budget speech to explain the arrangement which is a complicated one, but if I can put it briefly without danger of misrepresenting the position, the changes are these. We find ourselves in possession of a very much larger surplus as a result of which, in the ordinary course, we should get a much larger sum into our reserve.

**Sir Cowasji Jehangir:** Depreciation.

**The Honourable Sir Andrew Olow:** Not depreciation, but into our railway reserve. Out of that sum a sum of Rs. 1,82,00,000 was due to be paid to the Finance Member two years hence, so that the net amount that the railways were going to receive out of it was, I think, Rs. 5,62,00,000. The two changes which we have made since last year are these. We have proposed to the House that the Rs. 1,82,00,000, instead of being paid in the year after next, should be paid next year.

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and I have also agreed to surrender half the amount that would be permanently retained by the railways, to the general taxpayer in the form of a payment against the debt to which Sir Ziauddin Ahmad referred. This sum here, therefore, represents that Rs. 1,82,00,000, less a small difference between the three crores which I expected to get when I presented the budget last year, and a slightly smaller sum which on the basis of the accounts I presented to the House in the opening speech we now expect.

**Sir Cowasji Jehangir:** What about your depleted depreciation fund?

**The Honourable Sir Andrew Clow:** That is receiving nothing beyond the regular contribution, and my Honourable friend, Mr. Chapman-Mortimer, was expressing the view that I put in my preliminary Budget speech, that that is technically the first charge on our surplus.

**Sir Cowasji Jehangir:** Which you have not done on account of the war.

**The Honourable Sir Andrew Clow:** No, on account of the moratorium. Had it not been for the moratorium the whole of our surplus would have gone to replace the money which was abstracted from the depreciation fund in order to meet deficits in bad years. So that the House has really already last year accepted the principle embodied here by voting three crores to the reserve. It has also yesterday accepted the new arrangement for next year by voting the demands for grants, and the money actually coming in here is money going precisely in the direction that my Honourable friend wants it to go, namely, to the general taxpayer.

**Mr. Chairman (Mr. M. S. Aney):** The question is:

"That a supplementary sum not exceeding Rs. 1,64,44,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending 31st March, 1941, in respect of 'Appropriation to Reserve'."

The motion was adopted.

#### DEMAND NO. 10-A—WITHDRAWAL FROM RESERVE.

**Mr. B. M. Staig:** Sir, I beg to move:

"That a supplementary sum not exceeding Rs. 1,00,00,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending 31st March, 1941, in respect of 'Withdrawal from Reserve'."

**Mr. Chairman (Mr. M. S. Aney):** Motion moved:

"That a supplementary sum not exceeding Rs. 1,00,00,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending 31st March, 1941, in respect of 'Withdrawal from Reserve'."

**Babu Baijnath Bajoria:** I oppose this motion. If we vote for this motion, this sum of one crore will practically be a dead loss. This is said to be loss on the dismantled lines. First of all, over 300 miles of railway lines have been dismantled without the consent of this House. This House had voted for the construction of these lines and I think the Government had no right whatever to dismantle them without the consent of this House. Then the Honourable the Railway Member in his Budget speech said that the dismantled lines on State-managed railways represent a capital of Rs. 1,90,00,000. Out of this amount, he goes on to say that he expects to get only Rs. 50 lakhs from the sale proceeds of the materials which have been shipped abroad. Then Rs. 40,00,000 is the amount which is said to have already been deposited in the depreciation fund during all these years, and the balance of Rs. one crore represents the loss which he wants to write off by this motion. I think I am correct.

**The Honourable Sir Andrew Clow:** It is not a question of writing it off. It is proposed to be written off otherwise. This is the place where it is coming from. In other words, the capital has got to be written off, and this is a provision to meet the necessary writing off.

**Babu Baijnath Bajoria:** It is the same thing. In my opinion if these lines were dismantled then the total original cost ought to have been paid by His Majesty's Government or His Majesty's Government ought to have given an undertaking that when these lines are again laid the cost of restoration of these lines will be paid by His Majesty's Government. In my opinion at the present moment the cost of steel has soared so high that the price of even these old rails is at the present moment much higher than the original price at which these rails were bought. It is always said that railways are a commercial concern and if they are a commercial concern I do not understand why they just gave away this big sum of money to His Majesty's Government.

**An Honourable Member:** It is war.

**Babu Baijnath Bajoria:** My friend says it is war. Is it a war gift to His Majesty's Government? Then they ought to have said so. There seems to be no justification for writing off of this one crore. This must come from His Majesty's Government and we must have an assurance from the Railway Member that these lines will be restored when rails and the necessary materials are available, because the dismantling of these lines is causing considerable inconvenience to the public. It is 305 miles, the distance from Delhi to Cawnpore. It may be in small bits here and there but it has the total length from Delhi to Cawnpore . . .

**Mr. J. Ramsay Scott** (United Provinces: Europeans): . . . and a bit more.

**Babu Baijnath Bajoria:** I do not know how my friend, Mr. Ramsay Scott, will feel if the line from Delhi to Cawnpore is dismantled. There seems to have been a great bungling in this matter but still it can be rectified if the Honourable the Railway Member presses his claim on His Majesty's Government and as such I strongly oppose this motion.

**Dr. Sir Ziauddin Ahmad:** Sir, I oppose this motion. My first reason is this. If you dismantle any line for war purposes, we have nothing to say, because that is a temporary measure and the cost of removing and the cost of restoring will fall on His Majesty's Government by any financial arrangement that may be made. But if the Railway Board decides to dismantle a line for revenue reasons, because it is not paying, then I think it is fair that this thing should be brought before the Assembly by means of a Resolution—that such and such a line ought to be dismantled and the profit and loss account ought to be shown very clearly. We should be able to criticise this thing, whether it is or it is not a profitable concern. That is really one point which I want to press. We should establish a tradition in this House that no dismantling should take place, which means loss of capital, without the vote of the House and the reason for dismantling ought to be explained very clearly. This has not been done in this case.

Now, the second thing which I would like to press is that in the case of a company you can write off capital. This means that the shareholders will suffer and their capital value will diminish but I do not understand what is the meaning of writing off in this case because they have borrowed from general revenues. The whole of this interest will have to be paid. What is written off? It is a thing which I do not think I am clear in my mind and I am certain that the Railway Board is not also very clear in their mind. Because in one of the speeches of the Financial Commissioner where he dealt with this point, he says this. Speaking on the 20th February, 1940, he said:

“These were not, I believe, written off prior to 1924, but since the introduction of the Convention in that year, on State-managed railways, it has been the rule to write down capital in respect of such assets by charge to the depreciation fund or to revenue.”

This was in connection with the Kangra Valley Railway that was being dismantled. That was the financial policy of the Railway Board in February, 1940. After all, when we dismantle a line, then the capital should be charged either to depreciation or it may be charged to revenue. Now, it is proposed to change the policy that this particular item should be charged to the reserve fund. I do not understand why the change in the policy. What is the meaning of charging it to the reserve fund? It may as well be said that you are charging it to the Railway Board. That is, there should be a cut motion and money should be collected from all the employees of the railway from their salary or it should be charged from the taxpayers. That is a special tax levied on every rupee and my friend, Sir Cowasji Jehangir and myself, will have to pay for the dismantling of a particular line. That is a thing which I can understand but if you say this I cannot visualise who is to pay for the loss. The dismantling is there. The capital has disappeared. You cannot pay it back to the capital, unless you get the money from the savings of the revenue. That will also come from one per cent. of the capital at charge and certainly this thing will have to come from some external source. In the case of a company, writing off capital really means that you are writing off against

the shareholders as their capital value is diminished but here the capital value remains the same. You will have to pay interest on the total amount. I thought that the correct financial policy would have been . . . .

**Sir F. E. James:** The Financial Commissioner explained this most carefully in the Standing Finance Committee at which this appropriation was approved. Perhaps my friend was not there at that time.

**Dr. Sir Ziauddin Ahmad:** I just now quoted a speech by the Financial Commissioner in which he said that this thing can be charged to depreciation fund.

**The Honourable Sir Andrew Clow:** Depreciation fund or revenue.

**Dr. Sir Ziauddin Ahmad:** Yes, to one or the other. But here the charge is on the reserve fund. That is the proposal in this particular case.

**The Honourable Sir Andrew Clow:** It is coming out of revenue.

**Dr. Sir Ziauddin Ahmad:** Everything comes out of revenue. They are not paying by a cut in salaries or by additional taxation. I do not really know in what way this thing should be financially adjusted. That is the real point at issue. I was always under the impression that we ought to establish an amortisation fund or like the one we have in the general revenue, Payment and Avoidance of Debt and if you establish a fund of that kind, this will be a legitimate charge on that fund. This also will come out of the revenues, though there should be some method by which it may be adjusted and I thought to pay it out of the reserve does not mean anything.

**Sir F. E. James:** If it does not mean anything, why bother

**Sir Cowasji Jehangir:** What is the point?

**Dr. Sir Ziauddin Ahmad:** The point is this. Whenever any line has been removed, in that case the capital is written off amounting to the total cost of that particular line. Our total burden of interest is not lightened. The point is whether it should be written off against the depreciation fund or the general revenue or whether it should be against the reserve fund. That is really the point at issue, and I should have thought that for this purpose we should establish a fund to be called "the amortisation fund" by means of which you can pay off capital whenever the circumstances may permit and this is to be utilised for that purpose. Whatever method you adopt, you are not relieved from the burden of its interest.

Now, the next thing I should like to point out in this connection is this. Whenever you calculate the losses of a particular line, you must keep in mind, as regards whatever you pay, that the interest on that will continue to be paid from the revenues of the Railways, even if you pay it out of the reserve fund, or any other fund.\*

**Sir Cowasji Jehangir:** It is paid out of profits. It is a loss, you write off and pay out of profits which you might have allocated to some other head.

**Dr. Sir Ziauddin Ahmad:** The next point is that whenever you calculate whether a particular railway line is or is not a profitable concern, you keep one thing in mind. If you remove that line altogether, the interest on the capital will still have to be paid . . . . .

**Sir Cowasji Jehangir:** It is written off.

**Dr. Sir Ziauddin Ahmad:** But you write off out of the profits all these things, and the profits, instead of being kept either in the reserve or in the depreciation fund, disappear altogether; therefore the interest . . . . .

**Sir Cowasji Jehangir:** That is one way of allocating the profits. You give so much to general funds, so much to reserve. You give a crore of rupees to write off this loss.

**Dr. Sir Ziauddin Ahmad:** You had better make a speech when your turn comes. If you pay out of reserve, you lose interest on it. Hence the interest on the written off capital is indirectly paid by the interest on the reserve fund. I just want to say that whenever you calculate whether a particular line is or is not a profitable concern, you have to keep this in mind, *viz.*, that the interest on that capital will still be borne by the revenues—in whatever way you have cleared off your capital, and then the interest still falls upon us, so that you must calculate that. The interest continues to fall. Sir, I have not been able to see profit and loss accounts of any of these lines which are being dismantled; otherwise I would have drawn attention to it. Now, as regards the point raised by my Honourable friend, Mr. Chapman-Mortimer, that this is out of the Depreciation Fund, well, that is really my grievance, *viz.*, that they are building up, under the false name of a depreciation fund, a special reserve fund and putting on one side about five and a half crores in addition to their requirements. That is a thing which I always pressed and shall always press in future, *viz.*, that that is a sort of method of cheating the general revenues. If you put anything into the Depreciation Fund, that comes under the regular expenditure. Now, you are putting five and a half crores more than you require and in that case it means that the money available to the general revenues will be lost by this particular method. What is the meaning of building up a capital of about sixty-two crores under that head of Reserve after paying all these expenses? What for? I say that this written off capital ought to have been paid out of the Depreciation Fund.

**The Honourable Sir Andrew Olow:** Sir, I was a little surprised to hear from my Honourable friend, Babu Baijnath Bajoria,—who is himself I believe a very successful business man—a very strange financial proposition. He said that, because these lines had originally cost one crore and ninety lakhs, therefore, we should endeavour to recover the whole of that sum from His Majesty's Government. But the fact is of course that we have lost most of that one crore and ninety lakhs already. Let me take a small analogy. Suppose my Honourable friend, Babu Baijnath Bajoria, wanted to put up a little factory and he acquired the land and

he levelled the ground and he put up a building and he put in some machines and started his factory; and suppose that after seven or eight years' working, he found that, so far from getting any profit out of this factory, he was only having to pay out every year a larger amount than he received, without getting any interest on his capital at all. Naturally, he would lock round and say, "I must close this building." And when a gentleman came along and saw that there were some good bricks and other remains and said, "I should like to make an offer for what is left and take it away", I am pretty sure my friend wouldn't turn down the offer and say, "I have put into it things which cost Rs. 1,00,000; now you are only offering Rs. 20,000 for the bricks . . . . ."

**Babu Baijnath Bajoria:** If the market is high, why not get more?

**The Honourable Sir Andrew Olow:** Exactly. I hope we will get a little more from the fact that steel commands better prices than we have paid for it, but that one crore and ninety thousand rupees does not represent the cost of the rails even in their new state, still less the cost of the rails that we are giving to His Majesty's Government. It is not a war gift. We have lost most of this money; and I think we are fortunate in having a purchaser who needs the material—a purchaser who I think will pay a reasonable price for it.

Now, to come to the involved financial disquisition of my Honourable friend, Sir Ziauddin Ahmad . . . . .

**An Honourable Member:** Financial conundrums.

**The Honourable Sir Andrew Olow:** He asked me just a short time ago to adhere rigidly to the Convention of 1924. I think if he will refer to it . . .

**Maulana Zafar Ali Khan** (East Central Punjab: Muhammadan): I should like to know from the Honourable Member with regard to this dismantlement of certain lines, is it a dead loss financially, or can it be converted into money? Of course, the dismantled lines will, I take it, bring in some revenue. So why regard it as a dead loss?

**The Honourable Sir Andrew Olow:** It is not an entirely dead loss; we are going to get some value for the materials. A quite big loss of course is involved in the other expenditure which, owing to the whole speculation proving unprofitable, we cannot recover.

**Babu Baijnath Bajoria:** You are also dismantling many station buildings and permanent way?

**The Honourable Sir Andrew Olow:** In some cases, not in others. Sir, in paragraph 4 of the Convention my Honourable friend will find certain purposes for which the railway reserve "shall be used" and the purposes include "for writing down and writing off capital", which is precisely the purpose for which we are proposing to use it now.

**Sir Cowasji Jehangir:** What do you mean by writing off?

**The Honourable Sir Andrew Olow:** Writing off is reducing our capital debt by the payment of that sum and we are not paying interest on debts which we have repaid.

**Dr. Sir Ziauddin Ahmad:** But you lose interest on that Reserve?

**The Honourable Sir Andrew Olow:** We reduce our capital at charge by a corresponding amount. We, therefore, reduce the interest charges that we pay. In other words, our capital will be one crore less and that crore is being written off from the reserve and is coming indirectly from the revenue of the year in question. I hope that makes the position clear. I venture into these complicated financial questions with diffidence in the presence of my Honourable friend, Sir Cowasji Jehangir, who could explain them much more lucidly than I can.

**Sir Cowasji Jehangir:** He (Dr. Sir Ziauddin Ahmad) is consulting some more books.

**Mr. President (The Honourable Sir Abdur Rahim):** The question is: "That a supplementary sum not exceeding Rs. 1,00,00,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending 31st March, 1941, in respect of 'Withdrawal from Reserve'."

The motion was adopted.

#### THE BERAR LAWS BILL.

**The Honourable Sir Muhammad Zafrullah Khan (Law Member):** Sir, I beg to move:

"That the Bill to extend certain Acts to Berar, as reported by the Select Committee, be taken into consideration."

Sir, I explained on a previous occasion, when I was moving for consideration of this Bill, that this Bill was of a purely formal character, having been necessitated by the changes made in 1937. The object of the Bill is to place the application of these Acts to Berar on a uniform basis. On that occasion some Honourable Members were doubtful with regard to the actual object of the Bill and desired to examine the matter further in Select Committee. The matter has now been examined in Select Committee and the Select Committee's report is before the House. Honourable Members constituting the Select Committee professed themselves satisfied with the provisions of the Bill. The only amendment made in the Bill was a change in the date which had become necessary owing to the passage of time. From one point of view, Sir, it is unfortunate that you happen to be in the Chair because if there were any criticism of the provisions of this Bill, I am quite certain that had you been in your seat you could have dealt with it very much better than I could.

**Mr. Chairman (Mr. M. S. Aney):** Motion moved:

"That the Bill to extend certain Acts to Berar, as reported by the Select Committee, be taken into consideration."

**Maulana Zafar Ali Khan (East Central Punjab: Muhammadan):** Sir, I was a member of the Select Committee which was appointed by this House to consider this measure. From the very first I have been opposed to the manner in which this law is being applied to Berar without consulting the Nizam's Government and without obtaining their consent at first. Although the persuasive eloquence of my Honourable friend, the Leader of

the House, compelled me, as it compelled others, to put down our signatures on the report of the Select Committee, our doubts still remain. Sir, I think the main support that is lent to the tottering edifice of British Imperialism in India is by Indian States, and the only thing that comes between the complete independence of India, as pointed out by the Secretary of State from time to time, is the insistence of these Indian States . . .

**Mr. Chairman** (Mr. M. S. Aney): The Honourable Member is requested to confine his remarks to the motion before the House?

**Maulana Zafar Ali Khan:** I am confining myself to it. The British Government has hold us from time to time that the interests of the Indian States must be protected by it. From the days of the East India Company, when the responsibilities of the Company were transferred to the Crown, the Indian States have always been the first concern of the British Government. If they have any sense of gratitude and if they really feel something for these Indian States which have done so much for Great Britain and especially during the present war when crores and crores of rupees are being given by these States to the British Government, they must look really to the interests of these Indian States. Hyderabad, as you know, is the premier Indian State of India. We are told that the British Government are fighting Hitlerism and Germany in order to obtain independence and freedom for the whole world. Now, apart from the consideration whether this war is going on in the interests of India also, I think the Indian States have some claim upon the attention of the British Government. When I asked my Honourable friend, the Leader of the House, what is the position of His Exalted Highness the Nizam, he said he is the Sovereign of Berar. Then I asked him: "What does the sovereignty of Berar mean?" He said: "The sovereignty of Berar means that the State flag will fly if the Nizam went to Nagpur."

**Mr. Chairman** (Mr. M. S. Aney): Order, order. The Chair must rule that all discussion with regard to the sovereignty of His Exalted  
3 P.M. Highness the Nizam over Berar or any other conditions that pertain to the Treaty between His Exalted Highness and the Government of Great Britain is entirely irrelevant to the consideration of this Bill.

**Maulana Zafar Ali Khan:** With due deference to the Chair, I should like to know how the question of sovereignty does not arise when the question of the promulgation of certain laws is being considered?

**Mr. Chairman** (Mr. M. S. Aney): Order, order. This House cannot consider those questions. That is the difficulty of it. Apart from this being relevant or not, the House cannot consider the relations between an Indian State and the British Government in any debate in this House.

**Maulana Zafar Ali Khan:** This means that British Imperialism is gagging us and is snatching away the sovereign territory from the Nizam. Sir, Berar is the property of the Nizam. You took it away from him and when we ask you to return it to him, you say this cannot be done in this House. This is the parliamentary position of India for which the British Government is fighting. Why are you fighting Hitlerism? I ask the Secretary of State for India and the Prime Minister of England why are

[Maulana Zafar Ali Khan.]

you fighting? You want that the freedom of Poland, Czecho-Slovakia, Norway, Denmark, Belgium and France should be restored to those countries. Why should not the freedom of the Nizam be restored to him? Why should not the freedom of the Hyderabad State, which is in complete alliance with the British Government, be restored to that State? The State had been fighting for the British and spending their money and life-blood for them. And when the question of the restoration of Berar comes before this House, you say that this question relates to the sovereignty of Berar and, therefore, should not be discussed.

**Mr. Chairman** (Mr. M. S. Aney): Order, order. The Chair has really to ask the Honourable Member not to discuss the question of the restoration of Berar which is entirely irrelevant. The Chair cannot allow discussion of that point to go on on this motion.

**Maulana Zafar Ali Khan:** I knew it from the very first, and so with a plaintive cry of "Restore Berar to the Nizam", I sit down.

**Maulvi Muhammad Abdul Ghani** (Tirhut Division: Muhammadan): Sir, last time I asked the Honourable the Leader of the House to accept my motion for reference of the Bill to the Select Committee. After the reference of the Bill to the Select Committee, I sent a copy of the Bill to the Nizam's Government asking them whether it will affect them adversely. I tried my level best to put myself in communication with their officials but I regret to say that no response was made. How long can we go on with this spoon-feeding when the States themselves are not in a position to correspond with the Members of this House? We know that the sovereignty of Nizam is over Berar and also that agitation is being carried on for the restoration of Berar, we are helpless and we cannot do anything further here. I do not like, therefore, to oppose this motion.

**Mr. Chairman** (Mr. M. S. Aney): The question is:

"That the Bill to extend certain Acts to Berar, as reported by the Select Committee, be taken into consideration."

The motion was adopted.

Clauses 2, 3 and 4 were added to the Bill.

The First Schedule, the Second Schedule, the Third Schedule and the Fourth Schedule were added to the Bill.

Clause 1 was added to the Bill.

The Title and the Preamble were added to the Bill.

**The Honourable Sir Muhammad Zafrullah Khan:** Sir, I move:

"That the Bill, as amended by the Select Committee, be passed."

**Mr. Chairman** (Mr. M. S. Aney): The question is:

"That the Bill, as amended by the Select Committee, be passed."

The motion was adopted.

## THE DELHI RESTRICTION OF USES OF LAND BILL.

**Mr. J. D. Tyson** (Secretary, Department of Education, Health and Lands): Sir, I beg to move:

"That the Bill to regulate in the Province of Delhi the use of land for purposes other than agricultural purposes be referred to a Select Committee, consisting of Sir Muhammad Yamin Khan, Syed Ghulam Bhik Nairang, Maulvi Muhammad Abdul Ghani, Mr. J. Ramsay Scott, Mr. S. H. Y. Oulsnam, Mr. Basanta Kumar Mukharji, Mr. Lalchand Navalrai, Mr. Govind V. Deshmukh and the Mover, with instructions to report on or before the 15th March, 1941, and that the number of Members whose presence shall be necessary to constitute a meeting of the Committee shall be five."

Sir, the object of this Bill is to establish control over the development and use of land in the neighbourhood of roads inside the Delhi Province and the intention is two-fold: firstly, to prevent what has come to be known as "ribbon development", building in narrow strips along main roads,—which is happening of course outside the municipal area; and secondly, to set up an effective check on the use of land for brickfields and kindred purposes. Ribbon development, that is development along road frontages instead of in more compact blocks, is no new phenomenon and is not peculiar to Delhi. The process is encouraged by modern developments in the art of locomotion, but I venture to think it springs from a desire deeply implanted in human nature to make the best of two worlds, to "have it both ways",—to enjoy the amenities, without submitting to the discipline of town life.

Sir, what happens is briefly this. Thanks to improvements in communication by road, well-to-do people are tempted to build houses outside, but in fairly close proximity to, the town in which they earn their daily bread. They may even be tempted to remove their places of business outside the municipal limits. Land is cheaper there, there is more variety to choose from and there is freedom from municipal control and from municipal taxation. For facility of access the tendency is to choose sites in close proximity to main roads. Each man has to go further out than the man before him and the process is carried further and further out into the country, building taking place, as I have said, not in compact blocks, but in strips bordering on the main roads, and becoming more and more continuous, and stretching out over many miles. In this way the town spreads out long tentacles into the country,—tentacles composed very often of single rows of buildings on each side of the road, with open country behind. To supply the needs of the residents in this area, small shops and small places of business grow up alongside the line of the road, again without any control as to style or to the lay-out or to hygiene, and markets are established and in time the main roads leading out of your town or city—I am speaking quite generally at present—tend to resemble narrow elongated suburbs of ill-regulated lay-out and of insanitary character. That state of affairs is bad enough in itself, but when an expansion of the municipal limits to meet the needs of a growing town or city is contemplated, such expansion can only be achieved by the absorption of the nearer sections of these badly laid out and insanitary suburbs, and the cost of cleaning them up and replanning them will, by that time have become very often prohibitive.

Apart altogether from insanitary conditions, when it becomes a matter of extending your municipal limits, the cost of providing amenities and

[Mr. J. D. Tyson.]

municipal services is very much greater when you have had this development in long narrow strips than would be the case if you were absorbing a compact block. Then, again, there is the question of access to land behind these long narrow strips. I have said already that they tend to become continuous and when you wish to develop the land behind, on extending your municipal boundaries, you have to acquire land which has increased in price, having buildings on it, and you have to acquire the buildings as well.

So much as regards uncontrolled developments of buildings. As regards brickfields which are also dealt with in this Bill, we have to recognise, of course, that bricks have to be made somewhere, but brickfields are unsightly and I am afraid that unsightliness is not the least part of the objection to them. The use of land for brickfields makes it generally unsuitable either for return to agricultural use or for building purposes, at all events until you have spent a great deal on cleaning it up and levelling it; and perhaps the most serious objection of all to uncontrolled use of land for brickfields is from the health point of view. Excavations commonly associated with brickfields tend to become very prolific breeding-places for mosquitoes. In the interests, therefore, both of future town planning and of health the location and working of brickfields in areas adjoining towns and cities requires to be controlled.

I have been dealing with the problem in a general way and I think I should now say that we have all the makings of this problem in the Delhi area. I am thinking particularly of the area outside municipal limits because we have control in municipal limits but we have very little outside. Any one motoring along either the Muttra Road or the road to the Kutb cannot fail to be struck by the presence of brickfields, either in use or abandoned; and though the building menace, ribbon development by building in long strips, is not at present so obvious because the houses are not yet going up, the records do show that a considerable quantity of agricultural land has changed hands of recent years and I believe that the speed at which this process is going is increasing. As land is being bought along the main roads, this can only be with a view to building, leading to ribbon development. There is time fortunately for us to stop that process happening here, if we attack it at once; but it is only fair, if we are going to impose control, to do so before building becomes well advanced or the process goes too far.

Coming now to the Bill before the House, Honourable Members will see that the main proposal is one to empower the Chief Commissioner to declare any land adjacent to and within a distance of 440 yards from the centre line of any road to be a controlled area for the purposes of the Bill. The word "road" means a metalled road maintained by the Central Government or by a local authority. That is an important definition to which I particularly invite the attention of Honourable Members. Before making a notification declaring the area to be controlled, it will be seen that the Chief Commissioner has to obtain the previous sanction of the Central Government, and he must also give three months' notice to allow time for objections. Once an area is controlled the previous permission in writing of the Deputy Commissioner will be required for the erection or re-erection of any building—those terms are again all defined—or to make or extend an excavation or to lay out any means of

access to a road as defined in the Bill. Such permission may be granted or granted under conditions or refused. That is of course the position under the Municipal Act as well: there is nothing new there. There is a saving with regard to buildings required for the purposes subservient to agriculture—we are very anxious not to interfere with the agriculturist along these extra-municipal roads—and there is another saving as regards buildings in existence when the area becomes controlled. There is yet a third saving, in clause 16 of the Bill, saving buildings in inhabited village sites and also excavations, *e.g.*, wells, for agricultural purposes. If permission for a building or excavation or a lay-out for access is refused by the Deputy Commissioner or is granted only subject to conditions, there is a right of appeal to the Chief Commissioner.

The Bill also provides for compensation in certain cases where applications have been rejected. On receipt of a claim the Chief Commissioner may either within a year acquire the land in question under the Land Acquisition Act, whose provisions are not ousted by this Act, or he may transfer the claim for compensation to an officer exercising the powers of a collector under the Land Acquisition Act; and from that stage the procedure as regards compensation will be that of the Land Acquisition Act. The Bill gives guidance regarding the limits within which and the conditions under which compensation can be awarded.

Finally, as regards excavations, excavations generally are covered by clause 4 of the Bill; but the term excavation covers a multiplicity of activities, not all of them equally open to objection. Some excavations, the making of quarries for example, are left to be governed by the same procedure, except as regards compensation, as is laid down for permission to erect buildings. The use of land within a controlled area for burning charcoal or pottery or for a lime kiln will require a licence from the Chief Commissioner, and the use of land for the purpose of brickfield or brick kiln, which we must regard as the most objectionable use in an inhabited area, will require such a licence either inside or outside a controlled area anywhere in the province of Delhi. Clause 12 is the sanctions clause of the Bill and Honourable Members will see that clause 14 provides that no court inferior to that of a magistrate of the first class shall try any offence punishable under the Bill.....

**Mr. Chairman** (Mr. M. S. Aney): The Honourable Member may not explain in detail all the clauses: he may confine himself to the principle of the Bill now.

**Mr. J. D. Tyson**: I have finished, Sir. I am afraid I have taken the time of the House much longer than perhaps the importance or the complexity of the measure justifies; but my excuse must be that I understand this is the first measure of this kind to be brought forward in a legislature in India. Sir, I move.

**Mr. Chairman** (Mr. M. S. Aney): Motion moved:

“That the Bill to regulate in the Province of Delhi the use of land for purposes other than agricultural purposes be referred to a Select Committee, consisting of Sir Muhammad Yamin Khan, Syed Ghulam Bhik Nairang, Maulvi Muhammad Abdul Ghani, Mr. J. Ramsay Scott, Mr. S. H. Y. Oulsnam, Mr. Basanta Kumar Mukharji, Mr. Lalchand Navalrai, Mr. Govind V. Deshmukh and the Mover, with instructions to report on or before the 15th March, 1941, and that the number of Members whose presence shall be necessary to constitute a meeting of the Committee shall be five.”

[Mr. Chairman.]

There is an amendment in the name of Qazi Muhammad Ahmad Kazmi. Does the Honourable Member want to move it?

**Qazi Muhammad Ahmad Kazmi:** (Meerut Division: Muhammadan Rural): Yes, Sir, I beg to move:

"That the Bill be circulated for the purpose of eliciting opinion thereon by the 15th July, 1941."

Looking at the nature of the Bill, my submission is that my motion is a very modest one. There seems to be no hurry for passing this legislation without ascertaining the opinion of the persons who are to be affected by it.

**Mr. Chairman** (Mr. M. S. Aney): May I ask the Honourable Member if he wishes to confine his motion for circulation to the people of the Delhi province or Delhi city?

**Qazi Muhammad Ahmad Kazmi:** Yes.

**Mr. Chairman** (Mr. M. S. Aney): Can he make it clear in his amendment?

**Qazi Muhammad Ahmad Kazmi:** I will make it in the motion itself—I move:

"That the Bill be circulated for the purpose of eliciting opinion thereon of persons in Delhi Province."

**Maulvi Muhammad Abdul Ghani** (Tirhut Division: Muhammadan): On a point of order, Sir. As in my humble opinion the Bill affects generally Muslims and Hindus alike, because religious institutions are going to be affected by this measure,—it is not so innocent as it seems to be in its present form. It is a question of controlling certain areas which contains certain religious institutions, and, therefore, I think that the motion as moved by the Honourable Member should be retained as it is.

**Mr. Chairman** (Mr. M. S. Aney): The Chair leaves it to the Honourable Member to see what he should do.

**Qazi Muhammad Ahmad Kazmi:** If the Government are prepared to accept the motion as it is amended, it is all right; but if they are not prepared to accept it, then I move the motion as it stands.

**Mr. Chairman** (Mr. M. S. Aney): There is no such suggestion from the Government. The Chair only wanted to draw the attention of the Honourable Member to the fact that the Bill deals with the development of land in the Delhi province, and the Chair leaves him to consider whether or not to accept the suggestion of his friend. There is no suggestion from the Government side at all.

**Qazi Muhammad Ahmad Kazmi:** It may be necessary to amend it later on if the House so desires it, but at present I will proceed with the motion. My submission is that it is only proper that people who are going to be affected by this measure should be consulted. Unfortunately, for Delhi, the sole representative for Delhi province in this House, is in jail, and it has fallen on me to represent the people of this province.

Now, Sir, I admit that everybody is interested in the development of Delhi, and it is becoming more and more beautiful everyday, but the question is, at whose cost is all this beauty brought about? If the people of Delhi are suffering as a result of the expansion and beautification of Delhi, then some compensation should be paid to them. The Honourable Member said that those people who are living by the side of the roads are enjoying certain amenities of life while they are not paying any municipal taxes. If that is the case, why don't you extend the limits of the municipality to those areas and have the whole municipal law made applicable to those places? I have no hesitation in saying that Government have got full power to do it, and they need not come to this House for that purpose. If they are prepared to provide all the facilities and amenities to persons living at a distance of 8 or 9 miles from Delhi, and if Government wishes to include those areas within municipal limits, they can easily do so, but the question is without extending to them all the facilities or providing all the amenities of life which ought to be provided to them by a municipality, have Government the right of imposing the laws of the Municipality? In this case, as I shall show presently, the restrictions that are proposed to be imposed on the people are much greater than those contemplated by the Municipalities Act. So on one side Government are not prepared to meet the liabilities which are generally undertaken by Municipalities before exercising control over the buildings of other people, while they want to have greater control over the lands and buildings of those people. Now, the proposition seems to be quite an attractive one, that Government will take powers either to allow or disallow the construction of particular buildings on particular areas, and that area is contemplated to be about two furlongs on each side of the road. I submit that if only the Municipalities Act were extended, the Government can get the necessary powers. Under the U. P. Municipalities Act,—and almost all the Municipal Acts are more or less similar to this,—the Government have got ample powers. This is what section 178 of the U. P. Municipalities Act says:

“178. (1). Before beginning, within the limits of the municipality :

- (a) to erect a new building or new part of a building, or
- (b) to re-erect, or make a material alteration in, a building, or
- (c) to make or enlarge a wall,

a person shall give notice of his intention to the Board.

(2) The notice referred to in sub-section (1) as required in the case of a building shall only be necessary where the building abuts on, or is adjacent to a public street or place, or properly vested in His Majesty or in the board, unless by a byelaw applicable to the area in which the building is situated, the necessity of giving notice is extended to all buildings.”

Therefore, Sir, the Municipalities Act contemplates notice and sanction of the Government only for buildings which abut on or are adjacent to a public street or place. It does not contemplate a general sanction throughout the whole area, and if Government were to extend the Municipalities Act to that side also, then in spite of their being subject to the liability of providing the amenities to the residents of those buildings, they will only be getting a restricted control. Not only this, Sir, but the Municipality is bound by certain regulations not to interfere with the construction of the buildings unless they contravene any of the laws of the municipality in respect of health and sanitation. So far as I know, if a building does not contravene the provisions of any law in respect of health or sanitation of a place, permission is always granted, and section

[Qazi Muhammad Ahmad Kazmi.]

183 of the Municipalities Act contemplates compensation in cases where the Municipality refuses to accord its sanction. This is what section 183 says:—

“Notwithstanding anything contained in section 125, a person giving notice under section 178 shall not be entitled to any compensation for damage or loss sustained by reason of an order passed by a board under section 180, unless—

- (a) the order is passed on some ground other than that the proposed work would contravene a byelaw or be prejudicial to the health or safety of the public or any person, or
- (b) the order contains a direction of the nature specified in clause (b) of subsection (1) of section 180, or
- (c) the order is an order of refusal to sanction the re-erection of a building on the ground that it is unsuitable in plan or design to the locality, or is intended for a purpose unsuitable to the locality, or contravenes a byelaw under sub-head (f) of heading A of section 298.”

Therefore, it is mostly on account of health and safety of the public that the Municipality exercises its discretion in not allowing the construction of a particular building in a particular locality, but the powers that are intended to be conferred by the present legislation are much wider than that.

Now, Sir, since 1937 Delhi has got an Improvement Trust, and they have passed an Act called the Delhi Improvement Trust Act, under which they have taken this province under the Improvement Trust. The Government have given the Trust certain powers, and we find that this Trust is working greatly to the detriment of the people of Delhi. The Improvement Trust are entrusted with so much power and they have so many schemes on hand that they cannot possibly develop the province in the interests of the people outside the Delhi limits. As far as I know, there are at present eight schemes under contemplation of the Delhi Improvement Trust having more than 50,000 acres to be developed, while they have not been able to develop even 10,000 acres. From 1935 onwards keeping in mind the creation of the Improvement Trust the Chief Commissioner of Delhi has been serving notices on the inhabitants of Delhi under section 4 of the Land Acquisition Act. Section 4 of the Land Acquisition Act says:

“Whenever it appears to the Provincial Government that land in any locality is needed or is likely to be needed for any public purpose, a notification to that effect shall be published in the Official Gazette, and the Collector shall cause public notice of the substance of such notification to be given at convenient places in the said locality.”

As soon as a notification under that section is published, Government acquire a certain right so far as that particular land is concerned. They can enter on the land, they can excavate the land, they can test the land and so on, I need not elaborate them, they are given here. But the first effect of that notification is that the land ceases to have any saleable value because it is according to certain standards that the price is fixed by the land acquisition officer. Supposing the land produces nothing, then it has got no value. The value that may be awarded by the land acquisition officer would be almost nil, but being in the vicinity of Delhi the land may be used for residential purposes and as such may have a much higher value. Sir, what is happening now? Since 1934 they have

served notices on the inhabitants of Delhi under section 4 of the Land Acquisition Act. There was no question of acquisition of those lands and no scheme of improvement has been sanctioned up to 1940. The Town Improvement Trust has got eight schemes in hand but it has not worked even one. They have one scheme known as the Karol Bagh scheme. In Karol Bagh the land was mostly Government land in respect of which they did not have to pay much compensation. Yet, they had to incur an expenditure of about Rs. 40 lakhs on that scheme and the scheme is not complete. They have not got back that Rs. 40 lakhs from the sale of the lands and so they are not in a position to carry on the scheme further. By extending these schemes which are only on paper, they have extended the operation of this Act to almost 5 or 6 miles of Delhi and have rendered the land absolutely unsaleable. They are not purchasing the land themselves, but they say:

"Whenever we get any money, we will purchase the land, or allot the land to persons in a way which will be profitable to us, in addition to beautifying the city of Delhi."

No doubt, the beauty of Delhi is one consideration, but profit to the Improvement Trust is a greater consideration, because, had it not been so, the Improvement Trust could easily have laid out a plan and asked the owners of the particular pieces of land, "You should have so many roads. You should have buildings of this type. Any person who wants to construct in that area should construct according to rules, should leave 7 feet all round, and so on." But they have done nothing of the kind. Sometimes they think of purchasing the land themselves. But they find that funds are not sufficient. They give up the scheme. Therefore, their idea is to get greater profit by stopping people from going outside the town of Delhi. People of moderate means cannot afford to pay high prices that are demanded by the Improvement Trust for land. A man having to carry on his business in Delhi may take a place 8 or 9 miles from the city and build his own house there and carry on his business here. There is no question of the centre of business being shifted 8 miles away, as is suggested by the Honourable the Secretary. As every one knows, no such law was ever applied to the suburbs of Calcutta or the suburbs of Bombay, and still the centres of business have not been ousted from Calcutta proper to Tollygunge or Kidderpore or any other place. So, to say that the centre of business will be shifted from the city of Delhi and therefore in the interests of the investments that have already been made in Delhi, they are interested in stopping the development of Delhi outside is not the real reason. The real reason is that they want to stop a person with moderate means from going outside Delhi and making a house and living there. He must either spend a considerable amount of money and live in the congested areas of Delhi and buy their land, or he will not be allowed to have any building outside whatsoever. They wish to deprive the landowners of the income that they can possibly get by change of lands in different hands. It prevents a man of moderate means from enjoying the open fresh air of places outside the congested city itself, and it is intended to force people to spend a greater amount of money and live inside the city itself. I do not say and I do not think that this is the intention of Government. It may be from a purely aesthetic point of view that the Government have come before this House, but probably they do not know the implications thereof. They do not know the character of the Improvement Trust which is before our very eyes.

[Qazi Muhammad Ahmad Kazmi.]

They do not know what this extraordinary power of restriction on construction of buildings means in actual practice. The Town Improvement Trust, according to the Act which is in force in Delhi, is under section 24 entitled to make improvement schemes.

**The Honourable Sir Girja Shankar Bajpai** (Member for Education, Health and Lands): I just want to find out from the Honourable Member as to what exactly was the point he was making.

**Qazi Muhammad Ahmad Kazmi**: My point is that this is such a Bill that it requires that the opinion of the people concerned should be taken about it.

**The Honourable Sir Girja Shankar Bajpai**: I fully appreciate that. That is the motion. I merely wish to find out what this elaborate reference to the activities of the Improvement Trust was leading up to. My Honourable friend has been speaking at some considerable length about the powers of the Improvement Trust, about the activities of the Improvement Trust of Delhi. We do not propose that the Improvement Trust of Delhi should have any jurisdiction with regard to this matter at all.

**Qazi Muhammad Ahmad Kazmi**: My submission was that in the Statement of Objects and Reasons, they have said this:

"At present there is no legal power to control building development along main roads in the Delhi Province outside the Delhi and New Delhi municipal areas."

I say that it is not correct to say that. They have got an Improvement Trust which can make the necessary schemes for this purpose.

**The Honourable Sir Girja Shankar Bajpai**: The Improvement Trust is designed primarily to submit schemes within already declared and recognised municipal areas.

**Qazi Muhammad Ahmad Kazmi**: Then, if the Government considers that the amenities of municipal life should be enjoyed by those persons who are living outside the municipal limits, then why not extend the Municipalities Act? Why come before this House and ask for uncontrolled power to stop the construction on land, without any liability on your part? If you want to control the construction of buildings, then you have got to pay for it. What are the benefits that are to be conferred on the owners of that property, to compensate for the amount of control that is to be exercised by the Board? It is an absolutely one-sided transaction. You want to meet your aesthetic tastes without paying for it. If you have got an aesthetic taste, then you must pay for it. If you want land for your own development, then Government should come forward and pay the price for these lands and acquire them under the Land Acquisition Act. You don't pay for the land and still you want to control it. If you want to provide the amenities and facilities of life, then apply the Municipalities Act and then you can have the control. You cannot have control without paying for it. That is the principle. I referred to the activities of the Improvement Trust. In that Act, you will find that whenever a person is stopped from constructing a house on a land which is to be declared under one of the schemes, then it is necessary for the Government to acquire that land within a period of one

year or six months. Anyway, I think we must have time to consider the implications of this more or less complicated Bill. This is not a Bill which we must rush through, without consulting the people of Delhi.

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

You must give an opportunity to the people who are likely to suffer on account of the provisions of this Bill to have their say. For us, who do not belong to Delhi itself, it may not be easy to understand the implications of it and as Maulvi Abdul Ghani has said, this is a matter of interest to the whole of India but even if it be a matter of local interest, the Bill must be circulated to the people of Delhi before we can take it to the Select Committee.

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

"That the Bill be circulated for the purpose of eliciting opinion thereon by the 15th July, 1941."

Discussion will now proceed both on the original motion and the amendment moved.

**Maulvi Muhammad Abdul Ghani:** The Bill appears on the face to be innocent but is not so in actuality. We have bitter experience of the administration of the Improvement Trusts. We find that even religious properties are not spared. The Bill says there will be a controlled area from the centre line of any road up to a distance of 440 yards either side. Delhi being an old city, there are several religious institutions. There are temples, mosques and grave-yards. The Bill, does not make any exception of these charitable institutions. It says that all lands within 440 yards on either side of the road from the centre of the road will be declared a controlled area and it further says that whenever the Chief Commissioner will have to acquire any land, the proceedings of the Land Acquisition Act under section 5-A will be dispensed with. So far, I understand that section 5-A provides simply for giving out notice to the person interested or the owner of the property. That being so, the rights and privileges existing under a certain legislation is going to be taken away.

**Mr. J. D. Tyson:** If I may explain that, the procedure under section 5-A of the Land Acquisition Act is omitted in this Bill, because it will have already been gone through under the procedure of this Bill. The Chief Commissioner must give three months notice and consider all objections and that is the same process as is provided for in 5-A of the Land Acquisition Act.

**Maulvi Muhammad Abdul Ghani:** Yes, but you know, Sir, there are two kinds of lands. One is under direct ownership and the other which is owned by persons of a particular community. Here the Bill provides that the person interested shall have a right to file objection and it gives the definition of the person interested as one who can make claim for compensation; but the persons interested in a charitable institution like a mosque or a graveyard or other religious buildings, have no right under Muslim Law to claim compensation for such property and thus there will be no proper person to file objection in case of such properties and the Chief Commissioner shall thus have an easy walk over in making his declaration as absolute. Thus when the charitable property will be declared as controlled one, it can be acquired easily without any objection. Besides

[Maulvi Muhammad Abdul Ghani].

people of Delhi, people of other parts of India have the equal right of being owner of such charitable institutions. But there is legislation which provides that no property like mosques and graveyards can be acquired. There is no provision in this Bill to exclude such property, and my friend, Qazi Muhammad Ahmad Kazmi, has very rightly moved his motion for circulation of the Bill for eliciting public opinion on this point, so as to ascertain what the public has to say about the safety of their religious institutions. The Bill entirely includes everything and is silent altogether regarding religious and charitable institutions. I think it would be better if the Bill is circulated; there is no hurry about it; nothing is going to be lost and the Government should reconsider their position and accept this motion.

**Sardar Sant Singh** (West Punjab: Sikh): Sir, I just want to intervene to make a few observations on the scope of this Bill. I really would like to support, in principle, the motion for circulation of the Bill within the Delhi area but not beyond that; I do not see any reason why this Bill should be circulated in far-flung Provinces and be published in the various local gazettes. The principle of the Bill is a sound one, there is no doubt about it. I wonder if my Honourable friend, Mr. Kazmi, had anything to do with municipal affairs very much, as otherwise he would have come to know that whenever a town gets developed beyond the limits of the municipal committee and when that area is brought within the municipal limits, what trouble the municipality feels on account of the existing buildings that have sprung up all about the town. My town of Lyallpur is a newly-built town and it is a progressive town too.

**Sir Syed Raza Ali** (Cities of the United Provinces: Muhammadan Urban): It is an upstart.

**Sardar Sant Singh**: Well, that is a town which feeds you all with wheat, don't you worry, it gives you cotton for your textile factory, it gives you oil for your various purposes . . . .

**An Honourable Member**: All that is in the villages—not in the town.

**Sardar Sant Singh**: However, that is beside the point. The position is this, that recently we had to deal with the progressive nature  
4 P. M. of the town; several areas which lay outside the municipal limits have been brought within the municipal limits, with the result that the very persons, the owners of the land are feeling difficulty in getting municipal sanction for building thereon, because the areas built and the areas left unbuilt are so confused with regard to conservancy, with regard to the style, with regard to the nature of the streets and the lanes laid down that the owners of the sites have applied to the Municipal Committee and through the Municipal Committee to the Public Health Department of the Government of the Punjab to come to their help for the planning of those areas.

**Qazi Muhammad Ahmad Kazmi**: Which municipal committee is that?

**Sardar Sant Singh**: That of Lyallpur of which I happen to be the President for the time being. So I know the difficulty. The owners of those sites are actually going out of their way to approach the Public Health Department to make planned schemes for the development of those areas.

It will be in the interests of the owners of the property themselves if such controlled areas are made so that the latter development may go on on some planned scheme. This is not against the interests of those persons; it will be to their interest if these areas are controlled and some sort of planning is adopted. But, at the same time, I quite see the force of the argument that the persons who are to be affected should be consulted on principle of the Bill. My own experience is that it will be to the good of the owners themselves. It will probably raise the values of these sites which are to be developed later on if some sort of planned scheme is made at the very beginning. With these words, I commend the principle of the Bill to this House.

**The Honourable Sir Girja Shankar Bajpai:** Mr. President, I am glad to gather from what fell from the Honourable Member who preceded me that the principle of the Bill is considered to be a salutary one. The only question is, first, whether circulation is preferable to reference to a Select Committee, and, secondly, whether there are any *lacunae* in the Bill which need to be closed up. From the point of view of what fell from my Honourable friend, Maulvi Muhammad Abdul Ghani, *viz.*, the protection of religious buildings and graveyards and things of that sort.

**Mr. M. S. Aney** (Berar: Non-Muhammadan): Mostly graveyards, I think.

**The Honourable Sir Girja Shankar Bajpai:** Well, there are shrines also. I agree that you have to take that matter into account. In so far as the first part, *viz.*, circulation is concerned, I think Mr. Kazmi seems to have taken little note of the fact that the Delhi Province, though spelt with a big P, consists of the Old Delhi city, the Notified Area Committee, the New Delhi Municipal Committee, jurisdiction extending to a little bit on the other side of the river, and that is about all. Now, if there were such a recognized body as a Ratepayers' Association or a Builders' Association or a Land Buyers' Association or something of that kind, I should have said that this motion for circulation, even though limited to the Province of Delhi, was likely to have some useful effect or serve some useful purpose. As it happens, there is no such Association, and seeing that my Honourable friend, even though he does not belong to Delhi, has proved such a vigorous champion of these presumably voiceless people whose interests are going to be adversely affected, why should he assume that those Honourable Members who we propose should sit on the Select Committee would be less solicitous of the interests of these voiceless gentlemen?

**Qazi Muhammad Ahmad Kazmi:** You have not heard their voice yet?

**The Honourable Sir Girja Shankar Bajpai:** But I have heard their views through my Honourable friend?

**Maulvi Muhammad Abdul Ghani:** The time also is very limited.

**The Honourable Sir Girja Shankar Bajpai:** Well, the Select Committee should report by the 15th March. My Honourable friend is aware of the limited geographical area of the Province of Delhi. Within a fortnight it is possible for anybody interested in the provisions of the Bill to send his representations to the Select Committee: there is nothing to prevent that

[Sir Girja Shankar Bajpai.]

being done. Then, to sum up, really, I do not think there is a case for circulating this Bill, because I do not think that you have got a sufficiently wide area to cover, or you have got a specified set of people whom you cannot consult with regard to the provisions of this Bill. As regards the other point my Honourable friend, Mr. Abdul Ghani, raised, I quite appreciate the importance of it; but it seems to be a Select Committee point and the Select Committee will not be precluded in the course of their examination of the Bill from considering whether any safeguards with regard to the protection of the legitimate interests or rights of religious or other institutions are needed or they are not needed. So far as the Government representatives on the Select Committee are concerned, they are not going to make any difficulty in points of that kind being taken into account. I submit, therefore, that it is not necessary either to circulate the Bill for the purpose of eliciting opinion thereon or to postpone the consideration of the motion which has already been moved by my Honourable friend, the Education Secretary. I think that points of detail alone need examination and that task can best be left to the Select Committee which we propose to set up. I hope that the House will give its blessings to that motion.

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

“That the Bill be circulated for the purpose of eliciting opinion thereon by the 15th July, 1941.”

The motion was negatived.

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

“That the Bill to regulate in the Province of Delhi the use of land for purposes other than agricultural purposes be referred to a Select Committee, consisting of Sir Muhammad Yamin Khan, Sved Ghulam Bhik Nairang, Maulvi Muhammad Abdul Ghani, Mr. J. Ramsay Scott, Mr. S. H. Y. Oulnam, Mr. Basanta Kumar Mukharji, Mr. Lalchand Navalrai, Mr. Govind V. Deshmukh and the Mover, with instructions to report on or before the 15th March, 1941, and that the number of Members whose presence shall be necessary to constitute a meeting of the Committee shall be five.”

The motion was adopted.

**Mr. O. K. Caroe** (Secretary, External Affairs Department): Sir, I understand that there is a feeling that before the budget speech there should be a short adjournment. Therefore, I am not moving my motion.\*

The Assembly then adjourned till Five of the Clock.

The Assembly re-assembled at Five of the Clock, Mr. President (The Honourable Sir Abdur Rahim) in the Chair.

## THE BUDGET FOR 1941-42.

**The Honourable Sir Jeremy Raisman** (Finance Member): Sir, I present the statement of the estimated expenditure and revenue of the Governor General in Council for the year 1941-42 in respect of subjects other than Railways.

\*“That the Bill to provide for the regulation of and the maintenance of discipline in the Assam Rifles be taken into consideration.”

The task which falls to me of placing before this House an account of the main developments since the last annual budget was discussed, has on the present occasion been somewhat lightened by the fact that I made a financial statement during the last Session in November, 1940, in the course of which I drew the picture of our finances as it then presented itself. As the facts then brought out will be relatively fresh in the minds of Honourable Members, I shall today devote myself largely to bringing that account up to date, and in particular to a description of the progress of India's war effort in the field of the defence services and of supply. This course, in addition to meeting what I am sure is the desire of this House, will also furnish the most suitable basis for an understanding of our financial position. I shall also take this opportunity of furnishing a fuller explanation of the operations recently announced in connection with the repatriation of a large part of our sterling debt.

2. When speaking of the Indian economic situation in my first Budget Speech, I qualified my reference to the favourable features which were then manifest by emphasising the extent to which the continuance of prosperity was dependent on our ability to export freely overseas. The events of last spring and summer deprived us of our markets on the European Continent and caused a serious deterioration in the volume and facility of the shipping services available for our use. These factors, together with a temporary decline in confidence, which reduced the willingness to hold stocks, resulted in a marked fall of prices in the summer of 1940. This recession has, however, been magnified in some quarters to undue proportions, and it is well to view the facts in proper perspective. In the first nine months of the fiscal year 1938-39, our exports to all destinations amounted to 122 crores; in the first nine months of the present fiscal year they amounted to 144 crores. Thus the development of new export markets very largely compensated for the loss of old ones. In the second place, prices as a whole are still some fifteen per cent higher than they were at the beginning of September, 1939, and those of certain commodities, *e.g.*, raw materials, are considerably higher. Thirdly, such indices as are available of general economic conditions in India, such as railway traffic and postal receipts, continue to reflect an improvement over pre-war conditions.

3. To this improvement the steadily growing war effort most powerfully contributes. Last year that effort, on the side of the production of stores and of commodities required in connection with the war had barely begun; the tide of production is now rising rapidly and may be expected to exercise a generally beneficial effect upon the volume of employment and therefore upon the size of the national income. The holding of the Eastern Group Conference in this country and the establishment, consequent upon the deliberations of that Conference, of an inter-Imperial Supply Council at Delhi, illustrate in striking manner the position of India in the present war. No one would wish to see repeated the period of hectically inflated prices which ruled towards the end of the last war, but we can rely upon steadily increasing industrial effort during the present one, with consequences which seem likely permanently to affect India's position among the industrial nations of the world. The expansion in the demand for the products of Indian industry and the organized efforts which Government are making to increase the supply of trained workers must create an enhanced productive power which will be available in the period after the war, to improve the standard of life in India and to help to lessen the dependence of its growing population upon agriculture and secondary employment.

[Sir Jeremy Raisman.]

#### FINANCIAL YEAR, 1939-40

4. I will now recapitulate briefly the results of the financial year 1939-40. As I explained in the course of my statement last November, the surplus of that year which in our revised estimates we had taken at Rs. 91 lakhs, actually increased to Rs. 7,77 lakhs and the amount transferred to the Revenue Reserve Fund was thus augmented by as much as Rs. 6,86 lakhs. This was the result of an improvement of Rs. 6,81 lakhs in revenue and a reduction of Rs. 5 lakhs in expenditure.

On the revenue side Customs receipts, after the sharp drop that had occurred at the outbreak of war, not only recovered to their previous level but during the closing months of the last financial year, were abnormally high. This was in large part due to the laying in of stocks, the effect of which is seen in corresponding decreases in the receipts of the following year, so that for a fair comparison the estimates and returns of both years should be considered together. In the same way the very large receipts from the abnormal Salt clearances of last winter were off-set by a corresponding reduction in receipts in the current year; the actual receipts last year exceeded our revised estimate by Rs. 1,86 lakhs while those for the current year are likely to be half a crore below the budget estimate based on the normal annual consumption.

The profits from small coin increased by a further Rs. 37 lakhs. Railway earnings also recorded a further improvement so that the surplus payable to general revenues, though still short of the full contribution, increased by Rs. 72 lakhs.

In addition there were increases of Rs. 21 lakhs under Corporation Tax and Rs. 1,07 lakhs under Income-Tax over our revised estimates, which themselves allowed for an appreciable rise over the new high level established by the actuals for the previous years. To some extent this increase may be taken to reflect the additional revenue due to the provisions of the Income-Tax Amendment Act, the yield from which was bound to be a matter of conjecture.

This increase in Income-Tax raised the divisible pool of the total taxes on income other than Corporation Tax from Rs. 13,76 lakhs to Rs. 14,66 lakhs. While we had expected that Rs. 2,38 lakhs would be payable to the Provinces from 1939-40, the amount actually turned out to be Rs. 2,83 lakhs. In addition to this the arrears due on account of 1938-39 were finally certified as Rs. 39 lakhs instead of Rs. 41 lakhs as provisionally reported. As the sum distributed to the Provinces in March 1940 was Rs. 2,79 lakhs, there is a balance of Rs. 43 lakhs to be paid to them along with their share for the current year.

#### FINANCIAL YEAR, 1940-41

5. I come now to the current year 1940-41. Our revised estimates for revenue, excluding the additional Rs. 6,86 lakhs available in the Revenue Reserve Fund show a net improvement of Rs. 4,21 lakhs compared with the budget estimates. Against this, however, our revised estimates for expenditure show a net increase of no less than Rs. 19,54 lakhs, of which Rs. 18½ crores are on account of the Defence Services and Rs. 1,04 lakhs are for expenditure borne by the Civil Estimates, mainly on account of schemes connected with the war. Thus while the budget estimates provided for a nominal surplus of Rs. 5 lakhs and last November I put the estimated deficit, before taking into account the revenue from the fresh taxation then imposed, at about Rs. 13 crores, we now estimate that the deficit on the current year will be Rs. 8,42 lakhs. The improvement is due to the additional revenue that has since accrued, including

the further payment of Rs. 2,81 lakhs from the Railways as a refund of arrears of contribution, which has already been explained to the House in the speech of the Railway Member.

### *Revenue*

6. War time conditions are naturally reflected in our reduced receipts from Customs. Against actuals of Rs. 45,88 lakhs for 1939-40, we had estimated for 1940-41 a total of Rs. 39,16 lakhs, while we now estimate this year's receipts at only Rs. 37,75 lakhs. Our receipts under this head are of course affected not only by the cessation of trade with enemy countries but also by the interruption and deflection of shipping. In addition we have had to conserve our resources by restricting imports of many commodities in order that the foreign exchange so saved may be available for the more urgent requirements of the war. Under Excise there is a drop of Rs. 2,10 lakhs from Sugar. As the House is aware, the sugar industry in the main producing areas of the United Provinces and Bihar has during the present year been beset with difficulties. The maintenance in the previous season of artificially high prices for cane together with over-production led during the summer months to a situation in which large stocks were held up in the factories. The industry accordingly found itself in difficulties in the matter of finance and revenue was slow to come in. As a remedy for this it was urged upon us that there should be either a reduction in the duty or that collection of a portion of it should be postponed. After negotiations with the two Provincial Governments a scheme was finally adopted under which the Government of India undertook to lend to the Provincial Governments funds sufficient to enable them to advance to the industry a sum equal to Re. 1 per maund on existing stocks, to be used in part payment of duty. This, combined with some lowering of prices, helped to alleviate the position, though the industry in those two provinces continues, for reasons unconnected with the Central Excise, to be faced with problems of great difficulty. In consequence, we do not now expect that the collections of sugar excise duty in the current year will exceed Rs. 3,15 lakhs as compared with our budget estimate of Rs. 5,25 lakhs.

7. I have already mentioned that our revenue from Salt in the current year is expected to be Rs. 50 lakhs less than the budget estimate. Railway earnings have, however, come to our assistance and the sum they are now expected to pay to Central Revenues under the Railway convention is Rs. 7,15 lakhs, which with the additional refund of Rs. 2,81 lakhs is Rs. 4,65 lakhs more than was provided in the budget estimates. The sum of Rs. 7,15 lakhs is made up of the full contribution of Rs. 4,63 lakhs, which is 1 per cent of the capital at charge less the loss on strategic railways, Rs. 30 lakhs as arrears of contribution from the previous year, and a further Rs. 2,22 lakhs as one-third of the excess over the first Rs. 3 crores of the remainder which would normally be transferred to the Railway Reserve Fund. Other increases are Rs. 92 lakhs under Currency and Mint mainly from the larger circulation of small coin and Rs. 65 lakhs in the surplus of the Posts and Telegraphs Department; while Taxes on Income other than Corporation Tax, including Excess Profits Tax and the Central surcharge imposed during the year show a rise of Rs. 3,30 lakhs, a part of which goes to increase the share of the Provinces from the budgetted sum of Rs. 3,00 lakhs to Rs. 3,73 lakhs.

As regards Excess Profits Tax the extent of the preliminary work proved even greater than had been expected with the result that returns were not due from assesses before the end of November. The subsequent stages of the assessment proceedings bristle with practical difficulties owing to the complexity of the computations. And to the difficulties ordinarily associated

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with Excess Profits Tax there is the added difficulty of a separate depreciation computation owing to the change over in the Income-tax law to the written down value basis for depreciation. For these reasons the progress of Excess Profits Tax assessment work has been, and is, very slow and therefore the actual receipts in the current financial year are not expected to exceed Rs. 2 crores. A substantial portion of the original estimated receipts for 1940-41 will accordingly go to swell the collections of 1941-42. This sum may be taken as of the order of Rs. 1 crore.

### *Expenditure*

8. *Defence Services.*—Turning to the expenditure side of the current year, I will now deal with the aspect which overshadows all others, namely, the Defence Services. In my speech introducing the Supplementary Finance Bill last November I gave the House an indication of the extent to which our budget estimate of defence expenditure for 1940-41 was likely to be upset as a result of the momentous developments in the war situation during the early months of that year. I described in some detail the various activities in which India was engaging to meet the direct and indirect threats to her security arising out of the changed conditions. At that time it was estimated that India's share of the financial commitments involved in those activities would amount eventually to roughly Rs. 33 crores on account of initial outlay and Rs. 16 crores per annum on account of recurring charges, while the budget estimate of Rs. 53½ crores for defence expenditure during 1940-41 would be exceeded by at least Rs. 14½ crores. The three months that have passed since then have been a period of steady and rapid progress in the development of India's war effort and I propose at this stage to give the House some particulars of this progress and the achievements already secured or in prospect.

In the interests of security it is not possible for me to bring the figures in every case up to date but what I am going to say will, I hope, show clearly enough that the immensely complicated business of producing efficient modern forces is going forward with speed and energy. In some directions we are, it is true, still held back by the difficulty in obtaining materials which we cannot as yet produce in India and also by the shortage of skilled personnel of various categories. Subject, however, to these limitations, the resources of India are being intensively utilised and developed.

9. The total strength of our armed forces is now well over half a million men of all arms and further expansion is proceeding. Provision has been made for the raising of new armoured and mechanised cavalry regiments; new Indian field artillery regiments, regular infantry battalions, engineer units, more M. T. Sections and all the highly trained and specialised ancillary troops required for modern warfare. The Fighting Vehicles School has continued to expand; a new Cadet Wing has been opened at the Artillery School and an anti-aircraft training centre has been established which is designed to train several hundred students a month. The R. I. A. S. C. Officers' Technical School has been further expanded and its output is now seven times what it was at the outbreak of war. Mechanical transport training establishments have still further increased and apart from mechanised cavalry, artillery and infantry, who train their own men, the output of trained drivers has grown to 40 times what it was in August 1939. Two new Signal Training Centres have been opened and the training establishments of Sapper and Miner Units have more than doubled since November last.

10. It is impossible to exaggerate the importance of adequate training establishments in an expansion of the scale of that which we are now carrying out. Troops may be gallant and well equipped but they are not likely to succeed in modern war unless their standard of training is very high indeed. The training of the Indian Army has, it is admitted on all sides, been shown to be excellent. This has been proved beyond question by the part which they have played in the recent great victories, where they overcame a well armed and numerically far stronger enemy at surprisingly small cost to themselves. I have dwelt at some length upon this aspect of our war efforts as it is upon this that the pace of our expansion depends. We have no intention of sacrificing efficiency for mere numbers but are determined to follow as closely as possible the high standards which have been set and which have so dramatically and decisively proved their value in the past few weeks.

11. Many of the new units we have raised are now completing their training and a number have already taken up active rôles. When the expansion of the army in India began, owing to difficulties in obtaining equipment, the number of armoured units and artillery regiments included was less than we would have desired. Improvements in the supply situation, however, both in India and the United Kingdom, have now made it possible to remedy this deficiency and our plans include the transformation into armoured and light-armoured regiments of the whole of the existing cavalry and the raising of additional regiments of this kind. With regard to artillery, increasing assistance from His Majesty's Government, both in personnel and equipment, has made it possible to ensure that we do not fall short in this component.

12. With regard to equipment generally His Majesty's Government have recently agreed to a standing arrangement under which India will receive a substantial fixed proportion of the output of the United Kingdom. As a result of this arrangement, steady supplies of all kinds of equipment unobtainable in India, such as guns, machine tools, optical instruments, wireless and other signalling equipment and anti-gas equipment are now forthcoming and will enable us to push forward with the modernisation of our normal defence garrison, and with the equipment of the forces now being raised on a scale adapted to the requirements of modern war.

13. The growth of the Royal Indian Navy which I summarised last November, has continued unchecked; the programme of ship-building in India has been further expanded and the recruiting and training of officers and men to man the new construction is proceeding apace. All instructional establishments have been greatly increased in capacity; a new Signal School is being built and a start has been made with a large new Gunnery School. Other new Naval establishments are in process of development. Some idea of the increase in work being carried out in the Government Dockyard may be gathered from the figures of workmen of all classes and trades employed there. Before the war, the figure was 1,168; it has now risen to nearly 5,000. In addition to meeting our own requirements, a great deal of work has been carried out on behalf of His Majesty's Government in connection with the arming and protection of both British and Indian merchant shipping, and also in the provision of repair facilities to ships of the Royal Navy.

14. As regards the Air Force the difficulties arising from deficiencies of equipment and experienced technical personnel which I mentioned on the last occasion as holding up the expansion of this Arm have recently been considerably lessened. A number of modern aircraft and connected equipment are in sight from American sources and further supplies are expected which will go a

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considerable way towards completing and modernising the equipment of the squadrons now in India, as well as setting free machines for the training of new squadrons. The arrangements for training personnel have also been considerably improved. Close liaison between the civil and air force training schemes has been established and a proposed amalgamation and re-organization of all available facilities will provide Air Force elementary flying training schools formed around existing flying clubs and an expanded service flying training school. All these institutions will be operating to full capacity in the near future. A start has been made with the formation of the reserve to which I alluded and the training both of officers and airmen is being pushed forward as rapidly as the capacity of the schools permit and as fast as instructional and maintenance personnel and equipment become available. The scheme for establishing aeroplane manufacture in India has reached a new stage and there is now little doubt that the year 1941 will witness the appearance of the first aeroplanes to be produced in India. This achievement, memorable in itself, should prove of great value in speeding up the expansion of India's air force—a development to which we attach supreme importance.

15. The position in regard to the vital matter of supplies has, I am glad to say, substantially improved since I last addressed the House. The Government Ordnance and Clothing factories have been working at the highest pressure for some time past and an indication of what this means can be gathered from the fact that whereas before the war the average number of workmen employed in those factories was under 17,000, the number has now risen to over 45,000 and the curve of production is still rising. Steps have recently been taken to supplement the output of these factories by taking over railway and private workshops and utilising their resources for the production of munitions of war. The Roger Mission, which has been investigating the possibilities of expanding India's output of war supplies has now submitted its reports to His Majesty's Government who are giving them their urgent consideration. We hope that the result will be that India will before long be able substantially to increase her output of munitions.

With a view to stimulating private enterprise and co-ordinating the resources of the country to the fullest extent possible a thorough reorganisation of the Supply Department has been carried out during the last few months and this is already resulting in an increasingly close liaison and co-operation between that Department, other Departments of Government and Indian industry.

16. Mention may also be made here of another important development which is likely to lead to a great improvement in the supply field. Until recently the work of the Supply Department, in so far as it related to compliance with overseas demands was seriously hampered by the fact that the placing of orders in this country to meet such demands was dependent on the receipt of firm indents. Owing to the enormous fluctuations in the demands so placed on the Supply Department and the immediate urgency attaching to most of them it was found impossible to ensure prompt compliance or to make forward arrangements in such a manner as to prevent dislocation of the productive activities of the country and ensure that supplies were obtained at reasonable prices. These difficulties were represented to His Majesty's Government who have now agreed to a forward programme of supply covering the estimated requirements over a period of about two years ahead. The Department of Supply is thus able to enter into forward commitments within the limits of this programme and so maintain an even flow of production.

17. A further improvement in the supply position has been rendered possible by the receipt of authority from His Majesty's Government to purchase vehicles, machine tools and other essential war requirements in the United States and Canada, to the extent necessary to meet our needs for a considerable period ahead. The restrictions previously placed on such purchases owing to the difficulties regarding dollar exchange had been seriously hampering the process of modernising our Army in India and equipping the newly raised units. An officer has been placed on special duty in America with the object of discovering and effecting purchases of such supplies as are available to India from this source.

Last, but certainly not least in this tale of progress, the deliberations of the Eastern Group Conference are now bearing fruit in the shape of the institution of an Eastern Group Supply Council to be located in India which will in due course co-ordinate the requirements of various Empire countries and forces operating east of Suez and will ensure that the resources of the participating countries are utilised to the fullest advantage for the successful prosecution of the war.

18. These tremendous developments in the supply field must necessarily give a great stimulus to Indian industries. One of the most important results has been the investigation of the possibilities of establishing new industries in India for the production of stores that have hitherto been imported. The list of stores required both in India and to meet overseas demands is constantly under review and items formerly placed in the category of imported stores are continually being transferred to the indigenous category, as a result of the discovery either of methods of producing them in India or of suitable domestic substitutes. As typical examples of this I may mention web equipment, and lubricating oil, bichromates, and acetic acid, which formerly imported, are now being produced in India, while the substitution of cotton canvas for flax canvas, fish oil for codliver oil, and various Indian varieties of drugs for those previously imported has enabled us to transfer their source of supply from abroad to India. This process has been particularly marked in the case of medical stores and whereas prior to September, 1939, 77 per cent of the items included in the priced vocabulary of medical stores were imported the corresponding percentage after 18 months of war is only 46.

From this brief review it will, I think, be realised that India has in addition to providing for her own local defence been able to make a noteworthy contribution to the success of the common cause in the provision both of highly trained troops and high grade material. That contribution is increasing rapidly in quantity and is not diminishing in quality.

19. I must now revert to the purely financial aspect of this remarkable picture of India's war activities. As a result of the further measures which I have just described coupled with the general improvement in the supply position, the estimates of extra cost that were given to the House last November are out of date. Our latest assessment of the cost of all measures to which we are now committed and which were not envisaged at the time of preparing the defence budget for 1940-41, indicates that they will ultimately involve initial outlay of approximately Rs. 52 crores and Rs. 19 crores additional recurring expenditure per annum. The initial outlay and full recurring cost will not of course all come forward in the first year but it is estimated that during 1940-41 the increase in India's defence expenditure on account of these measures will amount to roughly Rs. 17½ crores.

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20. I may perhaps remind the House here that the allocation of war expenditure between India and His Majesty's Government is still governed by the settlement arrived at between the two Governments which was fully explained in my budget speech of a year ago. In accordance with the principles underlying this settlement any forces now being raised that India may agree to send for service overseas cease to be an Indian liability on leaving India and the whole initial cost of raising, training, and equipping such forces as well as the subsequent recurring charges are borne by His Majesty's Government. The details of the revised estimate of defence expenditure for 1940-41 amounting to Rs. 72,02 lakhs are as follows :

	(Rs. in lakhs)
(1) Basic normal budget . . . . .	36,77
(2) Effect of rise in prices on (1) . . . . .	2,53
(3) India's war measures . . . . .	24,31
(4) Non-effective charges . . . . .	8,41
	72,02

The increase of Rs. 53 lakhs in item (2) over the corresponding budget figure is mainly due to the increases of emoluments granted during 1940-41 to British and Indian troops as a war concession. In so far as these increases would have raised the cost of India's normal garrison the extra cost is included under this head. The increase of Rs. 17½ crores in item (3) has already been explained. Out of the total provision of Rs. 24·34 crores for India's war measures approximately Rs. 15 crores represents the initial cost of such measures; the balance consists of recurring expenditure. The revised estimate for non-effective charges—item (4)—has for the present been fixed at the normal budget level of 1939-40 but discussions are in progress with His Majesty's Government with a view to reaching a settlement that will regulate the allocation of these charges as has already been done for effective charges. The effect of the war on these charges obviously cannot be foreseen though happily there has so far been no appreciable increase owing to the absence of heavy casualties. I should here point out that the increase of Rs. 24·31 crores shown against item (3) over our normal defence expenditure by no means reflects the full magnitude of India's war effort since it excludes the cost of supplies and services rendered by India to His Majesty's Government, which is substantially greater than this amount.

I should also mention here that His Majesty's Government besides paying in full for all such supplies and services are providing free of charge much of the equipment needed for the modernisation of the Army in India and for the initial equipment of units now being raised in pursuance of our expansion scheme.

#### *Civil Estimates*

21. The principal items mainly responsible for the increase in Civil expenditure, such as the schemes for the training of the Air Force Reserve and that for war technicians, were explained in some detail in my Statement last November and I will not repeat the account which I then gave to the House. Though the additional civil expenditure then accounted for was approximately Rs. 2,30 lakhs, the actual net increase in civil expenditure works out at only Rs. 1,04

lakhs. In the first place there is a reduction of Rs. 71 lakhs in Interest charges. This is mainly due to smaller payments on account of Post Office Cash Certificates and Savings Bank Deposits and to lower interest rates on our short-term debt, the volume of which has also been reduced in recent months by the success of the Indian Defence Loans. Again, on account of a change of accounting procedure, which also brings about a corresponding reduction on the revenue side, the amount of Rs. 67 lakhs received from Burma as her share of pensionary charges is now to be taken in reduction of expenditure instead of as a revenue receipt under Payments by Burma.

22. Thus our Revised Civil Estimates for the current year are expected to amount to Rs. 40,11 lakhs as compared with the Budget Estimate of Rs. 39,07 lakhs. With the net Defence Expenditure placed at Rs. 72,02 lakhs our total expenditure is estimated at Rs. 112,13 lakhs as against our total revenue of Rs. 103,71 lakhs. We are therefore left with a deficit of Rs. 8,42 lakhs in the current year. As, however, the amount provided for the reduction or avoidance of debt was Rs. 3 crores, the net addition to our indebtedness is only of the order of 5½ crores.

#### FINANCIAL YEAR, 1941-42

23. I now come to the financial year, 1941-42. Our total revenue estimates amount to Rs. 106,39 lakhs as compared to Rs. 103,71 lakhs in the revised estimates of this year. Though there is no further balance available in the Revenue Reserve Fund, which provided Rs. 7,77 lakhs in the current year, this is more than made up by the first full year's receipts from the Excess Profits Tax and the Central Surcharge imposed last November. We have to allow for a further drop of 3 crores under Customs, but larger receipts are anticipated from Central Excise Duties and Salt. Also the contributions to be paid to General Revenues by the Posts and Telegraphs Department and Railways are estimated at Rs. 38 lakhs and Rs. 22 lakhs respectively higher than their increased contributions in the current year.

#### *Revenue*

24. Against our current year's estimate of the yield from Customs duties of Rs. 37,75 lakhs, we have taken for 1941-42 the still lower figure of Rs. 34,75 lakhs. War time factors already described in connection with the current year's receipts must be expected to continue to affect our revenue from Customs adversely, and under present conditions no one can foresee when the process will end, or the extent to which these factors may operate in the coming year. I can only say that our estimates are based on the assumption that present tendencies will continue and that there will be no violent change.

25. Our total estimates for Central Excise Duties show an increase of Rs. 1,75 lakhs almost entirely on account of sugar. We have raised our next year's estimate of the total yield from ordinary Corporation Tax and Income Tax by approximately half a crore to Rs. 21½ crores taking account of the fact that the assessments will be based on incomes derived from a full year of war profits. At the same time the surcharge imposed for Central purposes is expected to produce Rs. 5,68 lakhs. In the light of general trading conditions during the current year the yield from Excess Profits Tax for the year 1941-42 is estimated at Rs. 7½ crores, which with the carry-over of Rs. 1 crore from the current year gives a total estimate of Rs. 8½

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crores. Though Excess Profits Tax receipts are included in the total Taxes on Income, the share payable by Companies, which is roughly estimated at five-sixths, falls under Corporation Tax and thus goes in full to Central Revenues. The Excess Profits Tax on incomes other than those of Companies is expected to yield Rs. 1,42 lakhs and the divisible pool of Income-Tax to increase on account of this from Rs. 16,47 lakhs to Rs. 17,93 lakhs. The share of the Provinces is thus expected to reach the figure of Rs. 4,46 lakhs as compared with Rs. 3,73 lakhs this year.

26. There is also an increase of Rs. 60 lakhs under Salt as compared with the Revised. With the utilisation of the large stocks carried over from last year, we count on the usual demand for fresh supplies next year and in consequence take our estimate of Salt revenue at the average figure of Rs. 8,30 lakhs. We are allowing for a decrease of Rs. 1,21 lakhs in Mint receipts as compared with our revised estimates for 1940-41. We have now decided that from next year an average figure of Rs. 45 lakhs from the profits from the circulation of small coin is to be taken to Revenue and any balance over this figure credited to a Suspense Account which will be available to even out the receipts over a series of years. For in years when there is a large demand for small coin the profits are abnormally high, while in others when there is a net return from circulation there is a loss to Government. The new procedure will tend to keep the revenue receipts from this source stable from year to year and will mitigate instead of aggravating the difficulties experienced in years of depression on this account. Under Currency however there is an increase of Rs. 1,25 lakhs. We are taking the Government's share of the Reserve Bank's profits, Rs. 1,17 lakhs higher on account of the higher interest which will be earned on the rupee securities held by the Bank in place of their sterling balances, and the receipts from the Currency Note Press are expected to improve by Rs. 8 lakhs. Included under Other Sources of Revenue are Rs. 63 lakhs on account of War Risk Insurance premia, the payment of which into the Fund created for this purpose is provided under expenditure.

27. *Posts and Telegraphs*.—For next year the revenue of the Posts and Telegraphs Department is expected to be Rs. 13,49 lakhs and expenditure Rs. 12,09 lakhs. The larger revenue is almost wholly due to the effect of the increases in rates. The expenditure reflects the normal growth of pay and pensionary charges in an expanding service, with some additions to maintenance charges and to the contribution to the Renewals Reserve Fund due to the rise in the prices of stores and in the value of the assets.

In my last Budget Speech I reminded Honourable Members that under the system of commercialisation of accounts of the Posts and Telegraphs Department the surplus of the Department forms a reserve for it on which interest has to be paid by General Revenues. I also indicated that the procedure by which the general tax-payer obtains immediate relief by incurring a future liability could not be extended indefinitely. The recent increase in rates being a measure of taxation the Posts and Telegraphs Department cannot claim the extra revenue on this account as part of its ordinary surplus. The estimated extra revenue due to this factor, namely, Rs. 33 lakhs in 1940-41 and Rs. 1,00 lakhs in 1941-42, will therefore be transferred outright to general revenues. Further the recent surpluses of the Department are due largely to war conditions, and Government traffic has contributed substantially to them. It has been decided that on the accumulated surplus beyond Rs. 1,00 lakhs the Department will not be credited with any interest. For the present this change in the former procedure is considered a sufficient adjustment to war circumstances.

The licences of the Bengal, Bombay and Madras Telephone Companies expire in 1943. It has been decided not to renew the licences and negotiations are in progress to acquire by purchase the shares of the companies in order that the change-over may be effected smoothly. A "Government Telephone Board" has been formed to run the business in the interim period. The new arrangement is expected to start functioning about the beginning of the next financial year. An addition of Rs. 4,75 lakhs to the Telephone Development Fund will be necessary to finance the "Government Telephone Board". A proposal for a supplementary grant for this purpose will be brought forward later in this Session.

### *Expenditure*

28. *Defence Services*.—The Defence Budget for 1941-42 amounts to Rs. 84,13 lakhs made up as follows:—

	(Rs. in lakhs)
(1) Basic normal budget . . . . .	36,77
(2) Effect of rise in prices on (1) . . . . .	3,55
(3) India's war measures . . . . .	35,40
(4) Non-effective charges . . . . .	8,41
	84,13

The increase over the revised indicated at item (2) is due to the fact that the increases in emoluments granted as a war concession to British and Indian troops took effect from various dates in 1940-41 whereas they will be in force throughout 1941-42.

The growth of expenditure on India's war measures has already been explained at length. The effect of this growth on the defence budget for 1941-42 is shown at item (3) the increase over the revised being Rs. 11,09 lakhs. Approximately half the total amount of Rs. 35,40 lakhs provided for India's war measures represents the initial cost of these measures, the balance consisting of recurring charges. I should like here to impress upon the House the fact that in these estimates of Defence Expenditure only such specific schemes and measures as are definitely under way or in sight have been provided for. Our Defence plans have to be adapted from time to time to meet the ever changing war situation, which means that additional projects are constantly being undertaken, and it is clearly impossible to make any forecast of the cost of such unforeseeable items. The provision for non-effective charges has been retained at the normal figure for 1939-40 for the reasons already given. Here too as I have remarked in connexion with the revised estimates the figures exclude the value of supplies and services rendered by India to H. M.'s Government. The charges borne by that Government on this account during 1941-42 are expected to be more than double the amount of India's war expenditure.

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*Civil Estimates*

29. Our Civil expenditure estimates show increases amounting to Rs. 2,61 lakhs in all as compared with the current year's revised estimates. There are first the additional sums on account of the full year's working of the various schemes arising out of the war which were started in the course of the current year. Thus next year the training of the Air Force Reserve is expected to cost Rs. 33 lakhs and the Scheme of Technical Training to provide the needs of skilled labour of the technical branches of the Defence Services and Ordnance and munitions factories a further Rs. 93 lakhs. Under this scheme, which provides for the training of 15,000 men by the end of March 1942, nearly 2,000 men are already being trained at different training centres and their number is increasing every day. Of the total cost of Rs. 1 crore, over 85 per cent of which is for stipends to trainees and their training fees, it is now estimated that Rs. 7 lakhs will be spent in the current year and the remainder next year. Then there are a number of new items of essential expenditure which the Standing Finance Committee have approved for inclusion in the budget. These include the share of the subsidy to this year's Haj pilgrimage to be paid by the Government of India to meet the extra cost attributable to war conditions, the establishment of a new Broadcasting station at Karachi, and a further programme of Civil Aviation Works. Rs. 5 lakhs are to be spent in the course of next year on the new Broadcasting House to be built at Delhi. Rs. 9 lakhs are being provided for a new high power transmitter for broadcasts to countries outside India, intended for the benefit of Indian nationals abroad and to enable India to present her point of view, as well as to counteract enemy broadcasts in those countries. A third Mint is to be constructed to cope with the present large coinage demand, which has increased so enormously as the result of the war. As soon however as the situation returns to normal, it is proposed to close down the existing Calcutta Mint and to transfer all serviceable plant to the new Mint so that the present valuable but congested site can be sold to defray a large part of the cost of the scheme. A substantial share of the new expenditure included in the Budget is on account of the Department of Supply which has continued to expand throughout the year to meet the ever growing demands. The great developments in the production of war material, as well as the re-organisation of the Department carried out last December have already been described in connection with Defence. As regards the effect on industry of the orders placed on behalf of overseas Governments it may be mentioned that these have included 2½ million yards of jute canvas, 3½ million yards of a new jute and cotton fabric, 12 million yards of khaki materials, as well as 14 million yards of canvas valued at over Rs. 1,40 lakhs. At the same time the woollen industry's whole production has been absorbed to meet war demands. The production of army boots, harness, saddlery, and leather equipment which is now 30 times the pre-war average, has resulted in large orders for the tanning industry and increased demands for hides. New manufacturing plant to meet the requirements of chemicals formerly drawn from Europe are under construction. 400,000 tons of timber and over a million railway sleepers have been purchased for military requirements while wooden articles like tent poles, camp furniture and packing cases to the value of Rs. 60 lakhs have been made by Indian workmen from timber grown in the country. The total value of all these orders placed on behalf of His Majesty's Government and other allied Governments up to the middle of January exceeded Rs. 82 crores. This gives some indication of the necessity for the expansion of the Department's purchasing organisations. The expenditure on this account has increased from the figure of Rs. 23 lakhs

originally provided in the budget for the current year to Rs. 58 lakhs as now estimated for next year.

### SUMMARY

30. I can now summarise the figures for 1941-42. The expenditure detailed in the civil estimates comes to Rs. 42,72 lakhs as compared with Rs. 40,11 lakhs for the current year, and with the provision for the Defence Services placed at Rs. 84,13 lakhs, our total expenditure estimates amount to Rs. 126,85 lakhs. The figures are therefore :

	(Lakhs)
Revenue . . . . .	106,39
Expenditure . . . . .	126,85
	<hr/>
Prospective Deficit . . . . .	20,46

### WAYS AND MEANS

At this stage I propose to deal with the Ways and Means position as it has developed in the course of the last twelve months, when despite the grave repercussions of the war the credit of the country has been fully maintained at its previous high level.

31. *Defence Loans.*—Our loan programme for the year was merged in the Indian Defence Savings Movement which was launched early in June with the issue of Six Year Defence Bonds, Ten Year Defence Savings Certificates and Interest-free Bonds. From the 1st August we made these Six Year Defence Bonds the mainstay of our loan programme and removed the previous maximum on individual holdings. These Defence Bonds met with a ready and increasingly popular reception, and when we closed them on the 25th January, subscriptions totalled nearly 45 crores, 31½ crores having been tendered in cash and the balance by conversion of the 5 per cent Loan, 1940-43. As from 1st February we issued on terms slightly more favourable to the tax-payer a second 3 per cent Defence Loan with a longer currency and repayable at par. The results of these Defence Loans, the total receipts from which in a period of eight months have amounted to over Rs. 50 crores, testify to the strength of India's financial credit and are a good augury for the future. But I must take this opportunity of emphasizing the desirability of an even more intensive mobilisation of the country's savings if India's war effort is to continue to be financed in the most satisfactory way. However generous the donations for war purposes may be—and no one can fail to be impressed with the response so far made—it is obvious that the total of the sums received as donations can only form a very modest fraction of the amount required to finance the war effort. The fulfilment of that requirement calls for the efforts of every individual to save to the best of his capacity and to invest his savings in one or other of the different types of Defence Loan, which we have instituted to serve different needs. In addition to the Loans already described, we have started a Defence Savings Provident Fund for all Government servants which makes it easy for these classes to make regular investments. Subscriptions to this are already approaching the scale of half a crore a year. We shall shortly have in operation a simple system of facilitating popular saving by means of a new scheme of Post Office Savings Bank Accounts, the amounts in which will be repayable not on demand but a year after the end of the war. This will afford further facilities to those of limited means who

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desire to invest their savings so as to assist the war effort. In order to encourage deposits of this kind, the rate of interest has been fixed at one per cent higher than the existing rate on ordinary Postal Savings Banks Accounts.

During the current year Government exercised their option of repaying the 5 per cent Loan, 1940-43 and thereby effected an appreciable saving in our interest charges. Next year we are making provision for the repayment of the 3 per cent Bonds, 1941, the outstanding balance of which, about Rs. 10½ crores, falls due for payment on the 15th September next.

32. *Sterling Position.*—Owing to the continued improvement in the country's balance of trade, the Reserve Bank have been able to purchase large amounts of sterling which in the first ten months of the current year aggregated approximately £47 millions. At the same time with large payments being received in the United Kingdom on account of recoverable war expenditure and the cost of supplies made to His Majesty's Government the amount of remittance required by Government has diminished to vanishing point. For our ordinary sterling requirements, excluding the amount that will be required to finance the debt redemption operation now pending, are now expected to amount to no more than £1 million in the current year, while next year instead of having to remit funds to the Secretary of State we actually expect a refund of £26 million.

33. *Repatriation of Sterling Debt.*—As I explained in my Budget Speech last year, these acquisitions of sterling continued to enable the Reserve Bank to put large amounts at our disposal for the repatriation of our sterling debt. Considerable open market purchases were made in London, particularly in the early months of the year and the total acquired in this way now stands at approximately £28½ million. As the securities market improved, however, and as the floating stock was removed, it became increasingly obvious that purchases on this scale would no longer be possible except at a cost of pushing prices up beyond a reasonable level. In these circumstances, the British Government came to our help by issuing orders under their special war powers compelling holders resident in the United Kingdom to sell their stocks to them for delivery to us at the market prices prevailing at the time of the order. The Reserve Bank agreed to provide the sterling and to guarantee the immediate financing of a scheme framed on these lines to cover all our terminable obligations, that is to say, all our sterling debt which has to be repaid on fixed dates, amounting to a total which at the prices of acquisition may be taken as approximately £90 million or Rs. 120 crores. The whole of this will, of course, not have to be paid in sterling because a certain amount, though how much we do not know yet, is held by persons who are not legally considered as resident within the United Kingdom and to whom, therefore, the order does not apply. These may be residents either in India or elsewhere. As regards the latter, the Reserve Bank has made arrangements with the Bank of England that, subject to the English regulations regarding export of capital abroad they will make an offer to non-resident holders to sell their securities on the basis of the prices fixed for their compulsory acquisition. I anticipate that many of the holders will avail themselves of this offer because once the bulk of the debt has been paid off the remaining stocks will not be easily marketable in London and it would therefore be to the advantage of the holders to dispose of them and choose some other investment. We had also to decide what terms should be given to these stocks when held by residents in this country and we decided that we would pass a corresponding compulsory order of acquisition at the same prices as those

fixed in London. To avoid disturbing the portfolios of insurance companies and other investors, however, we decided that we would elaborate the scheme which I mentioned to you last year of creating rupee counterparts so as to give Indian holders the option of taking over such counterparts to the extent of the nominal value of their holdings worked out at the rate of 1s. 6d. to the rupee. I hope that this offer will be largely accepted as it will be both to the holders' advantage and ours: it will be to our advantage as it naturally lessens the immediate payments which we have to make and it will be to theirs, because the sterling prices of these loans were slightly lower than those of corresponding rupee securities, so that they should gain to a slight extent on the change.

34. This brings me to the machinery for financing the operation. There are clearly two stages: first, we buy the sterling from the Reserve Bank and secondly, we have to obtain rupees to pay for that sterling. It would be obviously quite impossible to attempt to borrow this immediately from the market even apart from our Defence borrowing requirements, and it would be inconsistent with the policy which we are following with the co-operation of the Reserve Bank of maintaining money at as cheap a level as is possible without inflation so as to minimise the burden of the war. We have found it impossible, within the limited time at our disposal, and in the absence of more definite information than is available at present of the amounts held by investors in the United Kingdom, in India and elsewhere to decide on the permanent arrangements for this purpose, but for budgetary purposes and as an interim measure pending more detailed consideration, we are adopting the procedure of maintaining the *status quo*, and of issuing in lieu of these sterling loans rupee counterparts which will bear the same rate of interest and be payable on the same dates, the only difference being that, in future, they will be payable in rupees and not in sterling. Later we shall have to determine, in consultation with the Reserve Bank, a procedure which will be simple and fair both to the general tax-payer and to the Bank, which has co-operated so readily and promptly with the Government in financing this important transaction, and which will at the same time avoid any necessity for an automatic increase in our short-term debt which might entail dangerous inflationary consequences later.

35. The proportion in which the Reserve Bank will distribute the securities taken up by it between its Issue and Banking Departments as a longer range holding is for that bank to determine in the light of circumstances as they develop and in co-operation with Government. It is obvious, however, that the cancellation of this large block of sterling liabilities with its reduction in our overseas obligations to the extent of well over £3 million a year does permanently strengthen our external position and consequently makes it reasonable for the Reserve Bank to hold a somewhat lower proportion of external assets than previously. There is, of course, no necessity or intention of reducing the minimum percentage of the external assets which they must hold under the Act, that is to say, 40 per cent of their note liabilities, nor is there any necessity, as has been suggested in some quarters, to effect a statutory revision of the prices at which they hold their gold. All that was necessary was to remove the restriction on the maximum amount of Government securities which the Reserve Bank can hold in their Issue Department and that has been effected by the abolition of the proviso to Section 33 (3) of their Act. This does not in any way affect their statutory responsibilities under the Act. It merely gives them a freedom of choice which they did not have in the past, as to the proportions in which they should hold Government securities or internal trade bills. It is also unnecessary, and we do not propose, to alter the

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limits on the Government securities which they can hold in the Banking Department.

I am afraid that it will not be possible to give precise figures until the 10th March when the returns asked for by the Bank of England and ourselves will have been received, but we are confident that the Indian securities market is so healthy that the finance of this large operation can be effected without detriment to Indian security prices and that, on the contrary, the effect on them is more likely to be stimulating.

36. The House will no doubt appreciate fully to what extent this single operation, which is the largest of its kind ever carried out in this country, will improve the financial position of India. When it is complete, we shall not only have reduced the Government of India's external debt by about Rs. 120 crores, by replacing the sterling liabilities thus cancelled with corresponding rupee liabilities, but shall also have reduced such of our interest charges as are payable in sterling by as much as 50 per cent over the last six years. Taking the whole period since 1935, and including the amounts of sterling Railway annuities and debentures discharged each year and the transfer of our liabilities in respect of sterling family pensions, we shall have reduced our sterling obligations by over Rs. 220 crores, of which about Rs. 145 crores will have been repatriated since the beginning of the war.

37. In the past, Indian opinion has been much pre-occupied, perhaps unduly so, by the so-called "drain", that is, the sum-total of the external obligations, on capital and interest account, which had of course to be met by providing sterling in London—the counterpart of the physical exports out of the sale proceeds of which these amounts were raised. It will be obvious to the House that the conversion of external into internal debt will diminish the strain upon the ultimate cash-reserves of the country—our holdings of gold and other external assets—which tends to manifest itself when, in consequence of world-events over which we have no control, the value of our overseas trade declines. There has been in certain quarters a disposition to doubt the value of these conversion operations, since they have involved a reduction for the time being, at least, in the size of the sterling holdings of the Reserve Bank. These holdings have risen greatly since the outbreak of the war, an increase which has given rise to much criticism. Even after the reduction involved in the present operations, our sterling reserves will still be in the neighbourhood of Rs. 80 crores, a figure almost exactly the same as the average sterling holdings during the last full pre-war year. But, in fact, it is not the absolute size of the reserve which matters, but the size of the reserve in relation to the magnitude of the most pressing liabilities against which it is held. Our cash reserves are held in the first instance as a protection against external liabilities, failure to meet which would instantly react upon India's financial credit. By these operations we reduce the size of our external obligations and therefore permanently strengthen our position. I may emphasize again that these operations do not affect the size of our gold reserves in the least and do not involve any change either in monetary policy or in the day-to-day operations of the currency system.

38. The immediate object of the transactions was the replacement of sterling by rupee obligations and the real gain to the country lies in the liquidation of external obligations which might prove an embarrassment in future. Even otherwise Government are likely to be immediate gainers

though at present it is not possible to estimate with any approach to accuracy the immediate effect on our revenue position. The profit due to the difference between the rate of interest earned by the Reserve Bank on its sterling investments and the redemption yield of the securities acquired at the prices paid must ultimately accrue, practically entirely, to Government either through the increase in the profits of the Reserve Bank, to the extent to which these securities are held by it, or directly to the extent to which Government hold these in their own portfolio, or cancel them from the funds which they borrow from the market. Later as the market gradually absorbs these liabilities in whatever form they will ultimately take, whether as rupee counterparts of the sterling loans they replace, or in the form of a simpler scheme of converted loans of suitable maturity, the gain may be reduced but against such reduction will, of course, be set off the increased receipts from income-tax.

39. In my judgment these operations cannot fail greatly to strengthen India's credit. There can be few countries in the world to-day fortunate enough to possess sufficient liquid resources to repatriate a large portion of their external debt, whilst leaving their Central Bank in a position of unchallengable strength. In relation to the growing resources of India our external debt will now be of remarkably modest proportions. Should a situation ever arise in which India were required to raise capital abroad—a contingency which I for one do not foresee—the fact that our existing external liabilities are so small would obviously be of the greatest importance in determining the rate of interest which we would be required to pay.

40. There is of course another aspect of our repatriation operations at the present time and that is the manner in which they assist His Majesty's Government to finance the prosecution of the war. It is obvious that if India repays her creditors in London, then particularly at the present time and in the present conditions of the London money market the greater part of the sums so disbursed will be re-lent to His Majesty's Government probably in the form of investment in the Defence loans and will thus become available for Britain's use in a more permanent form than when they formed part of the balances of the Reserve Bank and were invested in sterling Treasury Bills. To this extent we may well feel gratified that India in improving her own position has also contributed to facilitating the war-time problems of Britain.

41. *Treasury Bills*.—Apart from financing these repatriation operations, we would have reduced the value of treasury bills outstanding by about eight crores in the current year, despite the large expansion in Defence expenditure and the heavy outgo from Postal Savings Banks and Cash Certificates which would ordinarily have necessitated a large increase in our floating debt. For these factors have been largely offset by the favourable response given to our Defence Loans, the capital receipt of Rs. 12 crores from the Reserve Bank on account of the Re. 1 notes and silver rupees issued to them and the fact that the payment of five crores to the Reserve Bank provided for against a return of surplus rupee coin was not required. For the moment we are reckoning on a decrease in Treasury Bills of Rs. 3½ crores during the two years taken together.

42. *Post Office Cash Certificates and Savings Banks*.—It will be observed from the Ways and Means statement, which is printed with the Explanatory Memorandum on the Budget, that the figure for net repayments of Post Office Cash Certificates has been increased in the revised estimate for the current year from Rs. 1½ crores to Rs. 10 crores, while for Postal Savings Banks deposits we are providing for a net outgo of Rs. 19 crores against the receipt of Rs. 2 crores.

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taken in the budget. For during the period of uncertainty following the fall of France last summer there were large withdrawals from Postal Savings Banks and heavy discharges of Cash Certificates, coupled with a tendency to hoard savings in the unproductive form of silver rupees. Since then however there has been a marked and progressive improvement and for next year we are assuming a net deposit of Rs. 2 crores in Postal Savings Banks and a net repayment of Rs. 6 crores of Cash Certificates, the popularity of which has naturally been affected by the issue of Defence Savings Certificates, which provide a very similar and in some ways more attractive form of investment.

43. I return now to the estimated revenue position for next financial year, which as I indicated a few minutes ago reveals a prospective deficit of Rs. 20.46 lakhs. I would at this point remind Honourable Members of the extent to which the railway contribution has come to our assistance and how greatly it has mitigated our difficulties. It remains for me to place before the House the proposals which I have formulated in regard to the deficit.

44. I deal first with direct taxation, namely, the Excess Profits Tax and the Income-tax. It is true on the whole that at the present moment the main economic advantage which is derived from India's war supply activities accrues to the industrial and commercial sections of the country, and the direct tax-payer may fairly be called on to shoulder the larger share of any further burdens which are to be imposed. I propose that the profits of a further period of one year shall now be subjected to the Excess Profits Tax, and that the rate applicable to such profits shall be 66  $\frac{2}{3}$  per cent. I think it relevant to remind the House of the remarks which I made regarding the effect on the incidence of this tax of the important modifications which were made in the clauses of the Excess Profits Tax Bill dealing with the optional standard periods, and also the special provisions for new industries and for such matters as abnormal depreciation. I have little doubt that with these features of our system the new level of the tax will neither cause substantial hardship to existing industries nor operate to impede the growth of new ones. The change in the percentage will however introduce a complication where adjustments have to be made for the assessment of the previous year, and to regulate this aspect a small amending Bill will be brought forward. The yield of this enhancement of the Excess Profits Tax is estimated at 2½ crores. As regards income-tax and super-tax, I propose that the present Central surcharge of 25 per cent. should for the year 1941-42 be raised to 33  $\frac{1}{3}$  per cent. This is expected to yield an additional Rs. 1,90 lakhs.

45. In the field of indirect taxes, my main proposal is to double the excise duty on matches. I may observe here that the present duty was fixed in relation to a certain retail price, and that changes in that price must be in terms of the lowest unit of currency in common use and are thus not susceptible of fine gradation. Over large parts of the country the retail price has already advanced to the next higher point, yielding a large uncontracted profit to the trade. The increase in duty now proposed will appropriate for the Exchequer a due share of the enhanced retail price which the consumer has to pay. A corresponding increase will automatically ensue in the duty on imported matches, and a similar increase will be made in the duty on mechanical lighters. The yield of the additional duty on matches is estimated at Rs. 1,50 lakhs.

I have two other smaller proposals. One is to increase the import duty now leviable on artificial silk yarn and thread, an item in our import trade which, unlike most others, appears to offer, even in war time conditions, the

possibility of higher revenue. The duty on artificial silk yarn and thread stands at 25 per cent. *ad valorem* or 3 annas per pound whichever is higher, and I propose to increase the alternative specific duty to 5 annas per pound. The yield of the increased tax on these yarns and thread is taken at Rs. 36 lakhs.

The second of my smaller proposals is to introduce a new excise duty of 10 per cent. *ad valorem* on pneumatic tyres and tubes. The manufacture of these tyres and tubes in India was set up a few years ago, and the domestic supply now fills a large proportion of the demand which formerly was met by imports on which a revenue duty of 25 per cent. *ad valorem* is levied. The yield of this new duty, for the imposition of which a separate Bill will be introduced, is estimated at Rs. 35 lakhs.

The new duties on matches and on artificial silk yarn and thread will take immediate effect, by virtue of a certificate under the Provisional Collection of Taxes Act.

46. The total estimated yield of this new taxation is Rs. 6,61 lakhs, which brings the estimated revenue for 1941-42 to Rs. 113,00 lakhs and reduces the prospective deficit to Rs. 13,85 lakhs. This is still a formidable gap in relation to the scale of Indian finances, and I must confess that I shall be more sensitive to the criticism of that smaller and less vocal body who may feel that the contemporary contribution by taxation to the cost of the war is too little than of the doubtless large multitude who would say it is too great. It is not merely that the estimated gap is large, but that the unforeseen contingencies of the year ahead are obviously far more likely to widen than to narrow it. On the other hand it must be remembered that our expenditure estimates still contain a provision of Rs. 3 crores for the reduction and avoidance of debt. Again, there is a factor at present incalculable which may emerge from the Indo-Burma trade negotiations now proceeding, since any modification of the existing free trade regime must result in some increase of revenue. In any case it is not the proportion of next year's deficit to be met by taxation which is important, but the share of the whole additional cost of our war measures which is so provided. Judged by that criterion, I feel that the position is fully defensible. The uncovered revenue deficit will of course be met by borrowing which will be part of the larger programme, the necessity of which I have explained at an earlier stage.

I have little doubt that greater sacrifices await us but it is indisputable that the inherent soundness of India's financial position entitles her to face the future with courage and confidence. This is no time for complacency, but whatever may be in store in the weeks and months that lie ahead, there is reason for satisfaction in the way in which the financial and economic structure of India has withstood the strains and stresses of one and a half years of war, while enabling her to play a part, of which she may be justly proud, in this mortal struggle for the ideals of enlightened humanity.

### THE INDIAN FINANCE BILL.

**The Honourable Sir Jeremy Raisman** (Finance Member): Sir, I move for leave to introduce the Indian Finance Bill, 1941.

**Mr. President** (The Honourable Sir Abdur Rahim): The question is: "That leave be granted to introduce the Indian Finance Bill, 1941."

The motion was adopted.

**The Honourable Sir Jeremy Raisman**: Sir, I introduce the Bill.

## THE TYRES (EXCISE DUTY) BILL.

**The Honourable Sir Jeremy Raisman** (Finance Member): Sir, with your permission, I wish to move for leave to introduce a Bill which is included in the Budget proposals and mentioned in my speech, but which could not be put down on the agenda for today's meeting because, to do so, would have prematurely disclosed one of the Budget proposals.....

**Mr. President** (The Honourable Sir Abdur Rahim): The Chair finds that this is not to come into operation until the 1st April?

**The Honourable Sir Jeremy Raisman**: No, Sir, it is only for a technical reason that it cannot be part of the Finance Bill, but it is part of the legislative proposals which accompany the Budget.

**Pandit Lakshmi Kanta Maitra** (Presidency Division: Non-Muhamadan Rural): When is it going to take effect?

**The Honourable Sir Jeremy Raisman**: It has not got a certificate under the Provisional Collection of Taxes Act upon it today, but with your permission, Sir,.....

**Mr. President** (The Honourable Sir Abdur Rahim): The Chair wants to know why it was not included in the list of business.

**The Honourable Sir Jeremy Raisman**: It could not have been put on the agenda, because the mere title of it would have indicated the nature of the Bill before the Budget was presented. That is the difficulty.

**Mr. President** (The Honourable Sir Abdur Rahim): But the Bill will not be collected until the 1st April?

**The Honourable Sir Jeremy Raisman**: That is so, Sir, but I submit that it is more appropriate that the whole of the proposals for all extra taxation should be laid before this House at the same time.

**Mr. President** (The Honourable Sir Abdur Rahim): Is there any objection?

**Pandit Lakshmi Kanta Maitra**: Personally, I do not think, Sir, we should make a departure from the usual practice, because, once we do it, we do not know that this will not be made the rule.

**Mr. President** (The Honourable Sir Abdur Rahim): The Chair does not know how the Government will be prejudiced, supposing it is introduced later on.

**Pandit Lakshmi Kanta Maitra**: They can introduce it on Monday?

**The Honourable Sir Jeremy Raisman**: I submit, Sir, that the House should realize that a situation must arise in which Bills may have to be introduced on the occasion of the presentation of the Budget without

their being put down on the agenda beforehand: and since the Standing Orders provide that, with your permission, such a concession may be given, I strongly submit, Sir, that this, if any, is the kind of occasion on which a discretion of that kind should be exercised in my favour.

**Sir Muhammad Yamin Khan** (Agra Division: Muhammadan Rural): Sir, it will cause no hardship if it is allowed to be introduced. There is no harm. No prejudice will be caused if it is allowed to be introduced now.

**Mr. President** (The Honourable Sir Abdur Rahim): The Chair has considered this matter and finds that there is a precedent for a Bill being introduced without being placed first on the agenda. That happened at the time of President Patel and, according to that precedent, and in the exceptional circumstances of this case,—and the Chair takes it that the other case also happened under special circumstances—the Chair allows the Honourable Member to move this motion.

**The Honourable Sir Jeremy Raisman**: Sir, I move for leave to introduce a Bill to provide for the imposition and collection of an excise duty on tyres.

**Mr. President** (The Honourable Sir Abdur Rahim): The question is: "That leave be granted to introduce a Bill to provide for the imposition and collection of an excise duty on tyres."

The motion was adopted.

**The Honourable Sir Jeremy Raisman**: Sir, I introduce the Bill.

The Assembly then adjourned till Eleven of the Clock on Monday, the 3rd March, 1941.