

5th March 1942

THE

LEGISLATIVE ASSEMBLY DEBATES

Official Report

Volume I, 1942

(11th February to 10th March, 1942)

FIFTEENTH SESSION

OF THE

FIFTH LEGISLATIVE ASSEMBLY,
1942



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CORRIGENDA

In the Legislative Assembly Debates, Budget Session, 1942,—

- (1) Volume I, No. 1, dated the 11th February, 1942, page 31, line 20, for "Muslims" read "Muslim";
- (2) Volume I, No. 15, dated the 5th March, 1942, page 708, line 20 from the bottom, for "Suppression" read "Supersession";
- (3) Volume II, No. 5, dated the 17th March, 1942,—
 - (i) page 1207, line 4, delete the full stop after the word "statement"; and
 - (ii) page 1265, lines 5 and 22, for "The Honourable Sir Homi Modi" read "The Honourable Sir Homi Mody";
- (4) Volume II, No. 7, dated the 19th March, 1942, page 1357, line 15 from the bottom, for "The Economist news" read "The Economist news-";
- (5) Volume II, No. 8, dated the 20th March, 1942, page 1422, line 13 from the bottom, delete the second "that" at the end of the line;

- (6) Volume II, No. 9, dated the 23rd March, 1942,—
 - (i) page 1429, line 1, insert the word "is" after the word "blood"; and
 - (ii) page 1457, line 8 from the bottom, read "are" for the word "they";
- (7) Volume II, No. 11, dated the 25th March, 1942, page 1539, line 18 from the bottom, for the word "who" read "why";
- (8) Volume II, No. 13, dated the 1st April, 1942, page 1651, line 21, for the word "attacks" read "attack";
- (9) Volume II, No. 14, dated the 2nd April, 1942,—
 - (i) page 1688, line 17, for "It is given to C class" read "I said that A and B class";
 - (ii) page 1693, line 22, for "Syed Murtuza Sahib Bahadur" read "Maulvi Syed Murtuza Sahib Bahadur"; and
 - (iii) page 1729, line 19 and page 1730, line 9 for "Diwan Bahadur Sir A. Ramaswami Mudaliar" read "The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar".

LEGISLATIVE ASSEMBLY.

President:

The Honourable Sir ABDUR RAHIM, K.C.S.I.

Deputy President:

Mr. AKHIL CHANDRA DATTA, M.L.A.

Panel of Chairmen:

SYED GHULAM BHIK NAIRANG, M.L.A.

Lieut.-Colonel Sir HENRY GIDNEY, M.L.A.

Sir HENRY RICHARDSON, M.L.A.

Sir COWASJI JEHangIR, Bart., K.C.I.E., O.B.E., M.L.A.

● *Secretary:*

Mian MUHAMMAD RAFI, Barrister-at-Law.

Assistants of the Secretary:

Mr. M. N. KAUL, Barrister-at-Law.

Khan Bahadur S. G. HASNAIN.

Marshal:

Captain Haji Sardar NUR AHMAD KHAN, M.C., I.O.M., I.A.

Committee on Petitions:

Mr. AKHIL CHANDRA DATTA, M.L.A., *Chairman.*

SYED GHULAM BHIK NAIRANG, M.L.A.

Mr. JAMNADAS M. MEHTA, M.L.A.

Sir ABDUL HALIM GHUREKAVI M.L.A.

Mr. N. M. JOSHI, M.L.A.

CONTENTS

VOLUME I.—11th February to 10th March, 1942.

PAGES.		PAGES.	
WEDNESDAY, 11TH FEBRUARY, 1942—		THURSDAY, 12TH FEBRUARY, 1942—	
Members Sworn	1	Member Sworn	83
Starred Questions and Answers	1—15	Starred Questions and Answers	83—99
Unstarred Questions and Answers	15—20	Death of Sir Raghavendra Rau	99—100
Statements laid on the Table	21—35	Motion for Adjournment re—Arrest and detention of Mr. Sarat Chandra Bose—Not moved	100—01
Deaths of Mr. L. C. Buss and Sir Akbar Hydari	36—40	Banning of the Hindu Mahasabha Session at Bhagalpur—Postponed	101
Motions for Adjournment—Postponed	40	Lathi Charge on Sikh Religious Congregation by the Delhi Police—Ruled out of order	102—05
H. E. The Governor General's Assent to Bills	40—41	Failure to obtain approval of the Central Legislature for declaring India at War with Japan—Disallowed by the Governor General	105—06
Bill passed by the Council of State	41	Failure to provide adequate means of Transport for Agricultural Produce—Negatived	106, 140—55
Home Department Notifications issued under the Registration of Foreigners Act, 1939	41—43	Resolution re Administration of the Income-tax Department—Discussion not concluded	107—40
Amendments to certain Motor Vehicles Rules	43—61	SATURDAY, 14TH FEBRUARY, 1942—	
Amendment to the Insurance Rules	61	Starred Questions and Answers	157—67
Election of two non-official Members to the Defence Consultative Committee	62	Unstarred Questions and Answers	167—68
The Workmen's Compensation (Amendment) Bill—Introduced	62	Motion for Adjournment re—Banning of the Hindu Mahasabha Session at Bhagalpur—Disallowed	168—69, 170
The Indian Merchant Shipping (Amendment) Bill—Introduced	62	Army Commissions to Australians—Ruled out of order	169
The Coffee Market Expansion Bill—Introduced	63	Urging Allied Nations for declaration of Political and Social equality of white and coloured Races—Disallowed by the Governor General	196
The Indian Penal Code (Amendment) Bill—Introduced	63	Inadequate action as regards Release of Political Prisoners—Ruled out of order	170—72
The Indian Medical Council (Amendment) Bill—Introduced	63		
The Multi-unit Co-operative Societies Bill—Introduced	63		
The Indus Vessels (Amendment) Bill—Introduced	64		
The Indian Boilers (Amendment) Bill—Introduced	64		
The Weekly Holidays Bill—Referred to Select Committee	64—70		
Report of the Public Accounts Committee—Discussion not concluded	70—81		

	PAGES.
DAY, 14TH FEBRUARY, 1942— <i>contd.</i>	
Motion for Adjournment <i>re—contd.</i>	
Delay in giving relief to Short-staple Cotton Growers—Ruled out of order	172
Expenditure from Indian Revenues on Military Training of Australians—Ruled out of order	172—73
Looting of Hill People of Almorah District by the Kazaks—Ruled out of order	173
Lathi charge by Police on Mohurrum Procession at Akola—Disallowed	174
Sending of Indian Military Forces and Materials Overseas—Disallowed by the Governor General	174
Failure to release Political Prisoners and Detenus—Disallowed	174—75
Arrests of and Lathi charge on Traders agitating against the Punjab Sales Tax Act—Disallowed	175—77
Necessity of Government statement for allaying Public apprehensions about Defence of India—Disallowed	177
Dispensing with the Question Hour on the General Budget presentation day	178
The Code of Criminal Procedure (Amendment) Bill (Amendment of Section 4)—Referred to Select Committee	178—84
The Muslim Personal Law (<i>Shariat</i>) Application (Amendment) Bill—Referred to Select Committee	185
The Indian Penal Code (Amendment) Bill—Circulated	185—80
The Federal Court (Supplemental Powers) Bill—Referred to Select Committee	186—88
The Code of Criminal Procedure (Amendment) Bill (Amendment of Sections 182, 488 and 496)—Circulated	188
The Code of Criminal Procedure (Amendment) Bill—Introduced	188
The Muslim Personal Law (<i>Shariat</i>) Application (Second Amendment) Bill—Introduced	189

	PAGES.
SATURDAY, 14th FEBRUARY, 1942— <i>Contd.</i>	
The Usurious Loans (Amendment) Bill—Introduced	189
MONDAY, 16th FEBRUARY, 1942—	
Starred Questions and Answers	191—205
Unstarred Questions and Answers	205—10
Message from H. E. the Governor General	211
The Special Haj Inquiry Report	211
Home Department Notification issued under the Registration of Foreigners Act, 1939	211
Imperial Council of Agricultural Research Notification issued under the Agricultural Produce Cess Act, 1940	212
Election of the Standing Committee on Emigration	212—17
Election of Three Muslim Members to the Standing Committee on Pilgrimage to the Hejaz	217—10
Election of a Member to the Committee on Public Accounts	220—21
Election of Members to the Defence Consultative Committee	221
The Cotton Ginning and Pressing Factories (Amendment) Bill—Introduced	221—22
The Indian Patents and Designs (Extension of Time) Bill—Introduced	222
The Workmen's Compensation (Amendment) Bill—Passed	222—23
The Indian Merchant Shipping (Amendment) Bill—Passed	229—31
The Indus Vessels (Amendment) Bill—Passed	231—32
The Indian Medical Council (Amendment) Bill—Passed	232—36
The Indian Penal Code (Amendment) Bill—Discussion on the consideration of clauses not concluded	236—58
TUESDAY, 17th FEBRUARY, 1942—	
Starred Questions and Answers	259—64
Visit to India of Their Excellencies Generalissimo Chiang Kai-Shek and Madame Chiang	264—70

PAGES.	PAGES.
TUESDAY, 17th FEBRUARY, 1942—Contd.	MONDAY, 23rd FEBRUARY, 1942—Contd.
The Indian Penal Code (Amendment) Bill—Discussion on consideration of clauses postponed 270—73	Short Notice Question and Answer 403—04
The Indian Boilers (Amendment) Bill—Passed 273	Motion for Adjournment re Arrests in the Punjab for protests against the General Sales Tax Act—Disallowed 404—05
The Multi-unit Co-operative Societies Bill—Passed 274—87	Secret Session of the Legislative Assembly 405—06
The Coffee Market Expansion Bill—Passed 287—90	General discussion of the Railway Budget 406—57
Report of the Public Accounts Committee 290—94	
WEDNESDAY, 18th FEBRUARY, 1942—	TUESDAY, 24th FEBRUARY, 1942—
Member Sworn 295	Starred Questions and Answers 459—72
Starred Questions and Answers 295—312	Unstarred Question and Answer 472—73
Unstarred Question and Answer 312—13	Election of Members to the Standing Committees on Emigration and on Pilgrimage to the Hejaz 473
Motion for Adjournment re Condition of the Defences of India—Ruled out of order 313	Message from the Council of State 473—74
Message from I. E. the Governor General 314	Department of Indians Overseas Notification issued under the Indian Emigration Act 474
Presentation of the Railway Budget for 1942-43 314—22	Home Department Declaration of Exemption issued under the Registration of Foreigners Act 474—75
The Indian Penal Code (Amendment) Bill—Passed as amended 322—26	Election of the Standing Finance Committee 475—8
THURSDAY, 19th FEBRUARY, 1942—	The Cotton Ginning and Pressing Factories (Amendment) Bill—Passed 481—82
Starred Questions and Answers 329—33	The Indian Patents and Designs (Extension of Time) Bill—Passed 482—83
Unstarred Questions and Answers 333—34	
Nomination of the Panel of Chairmen 334	WEDNESDAY, 25th FEBRUARY, 1942—
Committee on Petitions 334	Starred Questions and Answers 485—91
Election of a Member to the Committee on Public Accounts 334	The Railway Budget—List of Demands 491—546
Resolution re—	Demand No. 1—Railway Board—
Administration of the Income-tax Department—Negatived 335—51	Excessive Rates of Fares and Freights 492—504
Appointment of a Committee to enquire into the incidents during the Martyrdom Day Celebrations at Delhi—Negatived 352—70	“Priority” and Public Supply of Wagons 505—12
Release of Political Prisoners and Detenus—Discussion not concluded 371—89	Transport needs of the Country and Railway Administration 513—29
MONDAY, 23rd FEBRUARY, 1942—	Punishment and Appeals and Good Conduct Marks 529—35
Starred Questions and Answers 391—400	Grievances of the Employees of Indian Railways 535—46
Transferred Starred Questions and Answers 400—03	

THURSDAY, 26TH FEBRUARY, 1942—		THURSDAY, 26TH FEBRUARY, 1942— <i>contd.</i>	
	PAGES.		PAGES.
Starred Questions and Answers	547—52	Demand No. 6.-G. Working Expenses—Miscellaneous Expenses	600—03
The Federal Court (Supplemental Powers) Bill—Presentation of the Report of the Select Committee.	552	Growing Drain in respect of Ecclesiastical Expenditure on Railway Revenues	601—02
The Railway Budget—List of Demands	552—607	Demand No. 6.-H. Working Expenses—Expenses of Electrical Department	603—04
Demand No. 1.—Railway Board	553—97	Demand No. 7.—Working Expenses—Appropriation to Depreciation Fund	605—07
Revision of the Convention of 1924	553—68	Various wrong Debits to Revenue in the name of Depreciation	605—07
Functions of the New Central Transport Organisation and the Need for Co-ordinating all Forms of Transport	568—73	Demand No. 8.—Interest Charges	607
Grievances of the Pilgrims to the Hejaz and Board's Policy in not agreeing to issue cheap Return Tickets to the Pilgrims	573—80	Demand No. 9.—A.—Repayment to Depreciation Reserve Fund	607
Overcrowding in the Trains and Particularly in Inter and Third Class Passengers' Compartments and inconvenience caused to the Travelling Public in these days	580—94	Demand No. 11.—New Construction	607
Railway Accidents	594—97	Demand No. 12.—Open Line Works	607
Demand No. 2.—Audit	597—98		
Demand No. 3.—Miscellaneous Expenditure	598	FRIDAY, 27TH FEBRUARY, 1942—	
Demand No. 5.—Payments to Indian States and Companies	598	Member Sworn	609
Demand No. 6.-A. Working Expenses—Maintenance of Structural Works	598	Starred Question and Answer	609—10
Demand No. 6.-B. Working Expenses—Maintenance and Supply of Locomotive Power	599	Unstarred Question and Answer	610—11
Demand No. 6.-C. Working Expenses—Maintenance of Carriage and Wagon Stock	599	Statements laid on the Table	612—16
Demand No. 6.-D. Working Expenses—Maintenance and Working of Ferry Steamers and Harbours	599	The Muslim Personal Law (Shariat) Application (Amendment) Bill—Presentation of the Report of the Select Committee	616
Demand No. 6.-E. Working Expenses—Expenses of Traffic Department	599—600	The Code of Criminal Procedure (Amendment) Bill (Amendment of Section 4)—Presentation of the Report of the Select Committee	616
Demand No. 6.-F. Working Expenses—Expenses of General Departments	600	Notification re Coorg Motor Vehicles Rules	616—17
		The Protective Duties Continuation Bill—Introduced	617
		The Industrial Statistics Bill—Introduced	617
		Secret Session	617—18
		SATURDAY, 28TH FEBRUARY, 1942—	
		Presentation of the General Budget for 1942-43	619—36
		The Indian Finance Bill—Introduced	638

	PAGES.		PAGES.
WEDNESDAY, 4TH MARCH, 1942—		FRIDAY, 6TH MARCH, 1942—contd.	
Members Sworn	639	Demand No 12.—Executive Council—contd.	
Starred Questions and Answers	639—46	Repressive Policy of the Government	810—19
Motion for Adjournment <i>re</i> Differential treatment towards Indian population of Malaya during evacuation—Disallowed	646—48	Pension of Inferior Servants of the Government of India	820—22
General discussion of the General Budget	648—97	SATURDAY, 7TH MARCH, 1942—	
THURSDAY, 5TH MARCH, 1942—		Starred Questions and Answers	823—27
Starred Questions and Answers	699—706	Unstarred Question and Answer	827
Statements laid on the Table	706—09	Bill passed by the Council of State	828
Motion for Adjournment <i>re</i> Non-release of Maulana Habibul Rahman, ex-President of All-India Majlis-i-Ahrar—Ruled out of order	709—10	The General Budget—List of Demands	828—81
Election of Members to the Standing Finance Committee	710—11	Demand No. 10.—Indian Posts and Telegraphs Department (including Working Expenses)	828—34, 851—66
Report on the Progress of the Schemes financed from the Grants for Rural Development	711	Grievances of Portmen and other Lower Staff in respect of Compensatory and House Rent Allowances	828—34
Election of Members for the Standing Committee for the Department of Supply	711	Examinations for Inspectors of Post Offices and present day condition of Posts and Telegraphs Department	851—58
The Industrial Statistics Bill—Referred to Select Committee	712—20	Representation of Mussalmans in Services under the Posts and Telegraphs Department	859—66
The Protective Duties Continuation Bill—Passed	721—23	Demand No. 12.—Executive Council	834—51
Demands for Supplementary Grants—Railways	728—43	Revision of the Government Orders regarding Communal Representation so as to secure definite Representation of the Depressed Classes in the Government of India Services	834—51
FRIDAY, 6TH MARCH, 1942—		Demand No. 38.—Archaeology	866—81
Starred Questions and Answers	745—66	Hardship and Discrimination to which Muslim Officials are subjected in the Department	866—81
Unstarred Questions and Answers	765—75	TUESDAY, 10TH MARCH, 1942—	
The General Budget—List of Demands—	775—822	Member Sworn	883
Demand No.11.—Interest on Debt and Other Obligations and Reduction or Avoidance of Debt	778—87	Starred Questions and Answers	883—87
Repatriation of Sterling Debt	778—87	Motions for Adjournment	887
Demand No. 12.—Executive Council	778—822	Election of the Standing committee for the Department of Supply	887—88
Insufficient and Inefficient Utilization of the Resources of the Country	788—99		
Policy of the Labour Department during the war	800—10		

	PAGES.
TUESDAY, 10TH MARCH, 1942— <i>contd.</i>	
The General Budget—List of Demands	888—958
Demand No. 38.—Archæology	888—95
Hardship and Discrimination to which Muslim Officials are subjected in the Department	888—95
Demand No. 48.—Civil Veterinary Services	895—902
Inadequate Representation of Muslims in the Services of the Imperial Institute of Veterinary Research especially in the gazetted Ranks	895—902
Demand No. 12.—Executive Council	902—44
Present system of Purchases and Inspection in the Supply Department	902—15
Advisability of creating a Department of Production separate from Supply	915—32
Central Government's Policy in regard to Civil Defence	932—44
Demand No. 1.—Customs	944
Demand No. 2.—Central Excise Duties	944
Demand No. 3.—Taxes on Income including Corporation Tax	944
Demand No. 4.—Salt	945
Demand No. 5.—Opium	945
Demand No. 6.—Provincial Excise	945
Demand No. 7.—Stamps	945
Demand No. 8.—Forest	945
Demand No. 9.—Irrigation (including Working Expenses) Navigation, Embankment and Drainage Works	945
Demand No. 10.—Indian Posts and Telegraphs Department (including Working Expenses)	946
Demand No. 11.—Interest on Debt and other Obligations and Reduction or Avoidance of Debt	946
Demand No. 12.—Executive Council	946
Demand No. 13.—Council of State	946
Demand No. 14.—Legislative Assembly and Legislative Assembly Department	946

	PAGES.
TUESDAY, 10TH MARCH, 1942— <i>Contd.</i>	
Demand No. 15.—Home Department	947
Demand No. 16.—Civil Defence Department	947
Demand No. 17.—Department of Information and Broad casting	947
Demand No. 18.—Legislative Department	947
Demand No. 19.—Department of Education, Health and Lands	947
Demand No. 20.—Department of Indians Overseas	947
Demand No. 21.—Finance Department	948
Demand No. 22.—Commerce Department	948
Demand No. 23.—Department of Labour	948
Demand No. 24.—Department of Communications	948
Demand No. 25.—Central Board of Revenue	948
Demand No. 26.—India Office and High Commissioner's Establishment charges	948
Demand No. 27.—Payments to other Governments, Departments, etc., on account of the administration of agency Subjects and management of Treasuries	949
Demand No. 28.—Audit	949
Demand No. 29.—Administration of Justice	949
Demand No. 30.—Police	949
Demand No. 31.—Ports and Pilotage	949
Demand No. 32.—Lighthouses and Lightships	949
Demand No. 33.—Survey of India	950
Demand No. 34.—Botanical Survey	950
Demand No. 35.—Zoological Survey	950
Demand No. 36.—Geological Survey	950
Demand No. 37.—Mines	950
Demand No. 38.—Archæology	950
Demand No. 39.—Meteorology	951
Demand No. 40.—Other Scientific Departments	951
Demand No. 41.—Education	951
Demand No. 42.—Medical Services	951
Demand No. 43.—Public Health	951
Demand No. 44.—Agriculture	951

PAGES.	PAGES.
WEDNESDAY, 10TH MARCH, 1942—contd.	TUESDAY, 10th MARCH, 1942—Contd.
Demand No. 45.—Imperial Council of Agricultural Research	Demand No. 66.—Miscellaneous
952	955
Demand No. 46.—Agricultural Marketing	Demand No. 67.—Grants-in-aid to Provincial Governments
952	955
Demand No. 47.—Imperial Institute of Sugar Technology	Demand No. 68.—Miscellaneous Adjustments between the Central and Provincial Governments
952	955
Demand No. 48.—Civil Veterinary Services	Demand No. 69.—Civil Defence
952	956
Demand No. 49.—Industries	Demand No. 70.—Delhi
952	956
Demand No. 50.—Scientific and Industrial Research	Demand No. 71.—Ajmer-Merwara
952	956
Demand No. 51.—Aviation	Demand No. 72.—Panth Pip-loda
953	956
Demand No. 52.—Broadcasting	Demand No. 73.—Andaman and Nicobar Islands
953	956
Demand No. 53.—Capital outlay on Broadcasting (Charged to Revenue)	Demand No. 74.—Indian Posts and Telegraphs
953	956
Demand No. 54.—Emigration—Internal	Demand No. 75.—Indian Posts and Telegraphs—Stores Suspense (Not charged to Revenue)
953	957
Demand No. 55.—Emigration—External	Demand No. 76.—Indian Posts and Telegraphs—Capital outlay on Telephone Projects (Not charged to Revenue)
953	957
Demand No. 56.—Commercial Intelligence and Statistics	Demand No. 77.—Capital outlay on Vizagapatam Harbour
953	957
Demand No. 57.—Census	Demand No. 78.—Delhi Capital outlay
954	957
Demand No. 58.—Joint Stock Companies	Demand No. 79.—Commuted Value of Pensions
954	957
Demand No. 59.—Miscellaneous Departments	Demand No. 80.—Interest-Free Advances
954	957
Demand No. 60.—Currency	Demand No. 81.—Loans and Advances bearing Interest
954	958
Demand No. 61.—Mint	
954	
Demand No. 62.—Civil Works	
954	
Demand No. 63.—Central Road Fund	
955	
Demand No. 64.—Superannuation Allowances and Pensions	
955	
Demand No. 65.—Stationery and Printing	
955	

LEGISLATIVE ASSEMBLY

Thursday, 5th March, 1942.

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

STARRED QUESTIONS AND ANSWERS.

(a) ORAL ANSWERS.

EMERGENCY COMMISSIONS TO NON-ENEMY EUROPEANS IN ROYAL ARMY MEDICAL CORPS.

118. ***Mr. Govind V. Deshmukh:** Will the Defence Secretary please state:

- (a) if the Royal Army Medical Corps in India has been thrown open to medical practitioners of non-enemy European descent, whether British subjects or not, for emergency commissions; if so, what the grounds for doing so are; and
- (b) how many medical practitioners of non-enemy European descent and from which countries have been given emergency commissions in India?

Sir Gurunath Bewoor: (a) It is possible in exceptional circumstances for non-British subjects to obtain emergency Commissions in the Royal Army Medical Corps. The policy in this matter is laid down by His Majesty's Government who control all matters affecting recruitment to the Royal Army Medical Corps.

(b) None.

Mr. Govind V. Deshmukh: Has not the policy been modified in view of the war situation and the scarcity of getting the practitioners?

Sir Gurunath Bewoor: I mentioned, Sir, that the policy regarding the recruitment to the R.A.M.C. is controlled by His Majesty's Government, and not by the Government of India.

Mr. Govind V. Deshmukh: Was it not the policy of His Majesty's Government before the war to take Europeans from all countries?

Sir Gurunath Bewoor: The War Office policy permits of recruitment of non-enemy doctors, who are not British subjects, to emergency Commissions in the Royal Army Medical Corps in order to maintain establishments of the Corps overseas, whether in India or anywhere else.

Mr. Govind V. Deshmukh: May I ask since when this policy is being followed?

Sir Gurunath Bewoor: I am not aware of it.

Mr. N. M. Joshi: May I ask if these Commissions are open to Indians?

Sir Gurunath Bewoor: I believe a certain number of Indians in England have joined the Royal Army Medical Corps.

Mr. N. M. Joshi: May I ask why it is not open to Indians in India?

Sir Gurunath Bewoor: Because this is a different corps and is under the War Office. We have our own corps, the Indian Medical Service.

Mr. Govind V. Deshmukh: Cannot the Indians in India be admitted to this service on the same salary and conditions?

Sir Gurunath Bewoor: The Indians are admitted to the Indian Medical Service. We can take in it as many doctors as can come forward.

Mr. Govind V. Deshmukh: In view of the war situation, will the Honourable Member make a reference to His Majesty's Government that Indians in India be taken in this Corps on the same conditions and salary?

Sir Gurunath Bewoor: It is rather a suggestion and not a question. I have already mentioned that this is a British Service. We have our own service to which we already take our doctors. Besides, the conditions of the British Service are, I think, not much better than those of the Indian Medical Service.

POSITION OF EMERGENCY COMMISSIONED OFFICERS *vis a vis* CANDIDATES EMERGING FROM INDIAN MILITARY ACADEMY.

119. ***Mr. Govind V. Deshmukh:** Will the Defence Secretary please state:

- (a) whether candidates admitted to the Indian Military Academy about a year ago, or such as would be admitted hereafter, have a preferential claim over persons who have been given King's emergency commissions in the Army since the year 1940; if so, what the reasons for giving them preferential claims are; and
- (b) what the position of the persons getting King's Commission in the Army is *vis a vis* the candidates who pass through the Indian Military Academy?

Sir Gurunath Bewoor: (a) and (b). Cadets admitted to the Indian Military Academy after January, 1940, on being commissioned are treated in all respects in the same way as other emergency commissioned officers. Cadets who entered the Academy in January, 1940, having taken the open competitive entrance examination in October, 1939, were given permanent commissions on passing out. The Indian Military Academy is now on exactly the same footing as other Officers' Training Schools and no differentiation is made between cadets who graduate from the Indian Military Academy and cadets who graduate from other Officers' Training Schools and the length of the course of training is also the same.

DISCRIMINATION AS REGARDS SALARIES TO RETIRED CIVIL SERVANTS ON RECALL FOR MILITARY DUTY.

120. *Sardar Sant Singh: Will the Defence Secretary please state if it is a fact that the Indian retired civil servants when recalled for military duties are paid lesser pay than the English and Anglo-Indian Civil servants recalled and recruited in the same rank? If so, what is the difference in salaries and the reason for such difference?

Sir Gurunath Bewoor: Retired civil servants—Indian, Anglo-Indian or English—who undertake military duties do so voluntarily. When employed on military duties, they receive either the pay of the appointment *plus* 20 per cent., their pension being held in abeyance, or they receive their pension *plus* 25 per cent. of the pension, whichever is favourable. No distinction is made as between English, Anglo-Indian and Indian civil servants, but when the retired civil servant receives the pay of appointment *plus* 20 per cent., a difference arises owing to the fact that the retired English civil servant draws pay as an emergency King's Commissioned Officer, while the retired Indian or the Anglo-Indian civil servant gets the pay as an emergency Commissioned Officer in the Indian Land Forces.

ALLOWANCES TO FAMILIES OF OFFICERS, ETC., TAKEN AS WAR PRISONERS BY THE JAPANESE.

121. *Sir F. E. James: (a) Will the Defence Secretary be pleased to state what allowances are paid to the wives and families of officers and men of all services who have been taken prisoners of war by the Japanese?

(b) By what authorities are these allowances paid?

(c) In the case of wives and families not domiciled in India, are any special arrangements made:

(i) for the education of their children, and

(ii) for any *interim* period during which the necessary formalities are completed?

Sir Gurunath Bewoor: (a) Wives and families of officers and men of all services who have been taken prisoners of war continue to receive the allowances or allotments arranged by the officer or soldier before proceeding on field service.

(b) These allowances are paid by the Controller of Military Accounts concerned.

(c) (i). No special arrangements are made.

(ii) Pending completion of formalities, local Military Commanders are being authorised to pay limited advances direct to families.

Sir F. E. James: Is the Honourable Member aware that families of officers of the Malayan Volunteer Defence Force and other similar auxiliary forces, who have been taken prisoners during the fighting in Malaya and Singapore, have now been evacuated to India? If so, can he say what arrangements have been made for the payment of allowances to these people while they are in this country pending permanent arrangements being made by His Majesty's Government?

Sir Gurunath Bewoor: Government are aware that a certain number of people have been made prisoners and their families are being evacuated

to India. The orders, which have been issued authorising the payment by Brigade, Area and Station Commanders of advances to families of British military service people arriving in India from Malaya, Burma, etc., apply equally to families evacuated to India of British enlisted members of military volunteer corps in Hongkong and Malaya. The amounts to be paid vary according as the local authorities here arrange for the lodging and feeding of these families, or whether they arrange for their lodging only and not their feeding, or whether they do not arrange for either and the families make their own arrangements. I would supply to the Honourable Member the detailed information if he so desires.

Sir F. E. James: With regard to the answer to part (b) of the question, I think I understood my Honourable friend to say that the authorities for the payment of the allowances were the military accounts officers concerned. Would he explain precisely what that means? Does it mean the Military Accounts Officers at the Headquarters of Commands or does it mean the Military Accounts Officers at the District Headquarters?

Sir Gurunath Bewoor: It means the Military Accounts Officers, the Controllers of Military Accounts who are in the different Command Headquarters.

Sir F. E. James: May I put it to the Honourable Member, as he will doubtless be aware, that this will cause a great deal of inconvenience on the basis of the existing distribution of Commands. Take, for instance, the Southern Command. The Military Accounts Officer is stationed at Poona, whereas that Command, as the Honourable Member is aware, is extremely extensive. Therefore, the families may experience great difficulty before these formalities are carried through.

Sir Gurunath Bewoor: That difficulty is recognised, and it is with a view to get over that difficulty, that these orders have been issued authorising the Brigade, Area or the Station Commanders to pay advances straightaway, while the Controller of Military Accounts is getting through the formalities and fixing the exact amount. It will always be open to any family which is in difficulty to approach the nearest Station Commander who will then take action.

Sir F. E. James: With regard to the answer to part (c) of the question, there are numerous cases of families including children being evacuated to this country. I understood my Honourable friend to say that no special arrangements were being made for the education of these children. Is that the case?

Sir Gurunath Bewoor: I do not know whether the Honourable Member is referring to the families of the recent evacuees or generally to families left in India. But I may mention that Army Children's Schools provide a free education for the children of British officers and other ranks if they desire to avail themselves of it, and such schools are opened at stations where there is any such number of children as would justify the opening of such a school. As regards the other children the Educational Commissioner with the Government of India has issued a pamphlet which gives

details of the various educational facilities available in the whole of India at various stations, and if the Honourable Member would like it, I would let him have a copy and copies can also be had from the Educational Commissioner with the Government of India. As regards the evacuated families, the idea at present is to evacuate them to their home country as soon as may be convenient.

Sir F. E. James: I am much obliged to my Honourable friend for the information. Would his Department take steps to see that the information with regard to educational facilities available is made fairly widely known through a Press Note or something along that line. It would very greatly relieve the anxiety with regard to children on the part of those who are temporarily stationed in India.

Sir Gurunath Bewoor: I will do that.

WAR EXPENDITURE SETTLEMENT BETWEEN THE INDIAN AND HIS MAJESTY'S GOVERNMENTS.

122. *Dr. Sir Ziauddin Ahmad: (a) Will the Honourable the Finance Member please state what is the agreement between the Indian Government and His Majesty's Government about the financial settlement on war expenditure?

(b) Is it a fact that the cost of all the articles purchased by the Supply Department for His Majesty's Government is debited against the Defence Department at present?

(c) If the answer to part (b) above be in the affirmative, will Government show in the Defence Budget the liabilities of the British Government?

The Honourable Sir Jeremy Raisman: (a) The attention of the Honourable Member is invited to the Budget Speech for the year 1940-41 in which the agreement reached between the Government of India and His Majesty's Government in regard to the apportionment of defence expenditure during the period of the war has been fully explained.

(b) No.

(c) Does not arise.

LORRY ACCIDENT ON READING ROAD, NEW DELHI.

123. *Qazi Muhammad Ahmad Kasmi: (a) Will the Honourable the Home Member be pleased to state if there was any lorry accident resulting in deaths on the Reading Road, New Delhi, in front of the Sanatan Dharam Temple otherwise known as Birla Mandir?

(b) How many persons were killed in that accident?

(c) Is he aware that there is great vehicular and pedestrian traffic in front of the Birla Mandir and Hindu Maha Sabha?

(d) Is he prepared to consider the desirability of diverting the lorry traffic to the Maude Road from that portion or the Reading Road which lies in front of the two buildings mentioned above between the crossings of Havelock and Scindia Roads? If not, why not?

The Honourable Sir Reginald Maxwell: (a) Yes. The accident occurred on the 5th September, 1941, when a lorry in attempting to avoid a child who was in the roadway struck three persons sitting on the pavement.

(b) Three.

(c) Yes.

(d) The possibility of diverting heavy traffic to avoid this portion of Reading Road has been considered more than once by the Delhi Provincial Administration but no satisfactory alternative route is available. The suggestion that traffic should be diverted to Maude Road is impracticable as like the Scindia and Havelock Roads, it is also a narrow road passing through a residential area.

Mr. Lalchand Navalrai: May I know from the Honourable Member if this accident was purely an accident, or was the lorry driver liable for causing this accident?

The Honourable Sir Reginald Maxwell: He was liable in the sense that he was driving the lorry which struck the people in his attempt to avoid a child who was in the roadway. I do not imagine he was to blame.

Mr. Lalchand Navalrai: It was not on account of his negligence?

The Honourable Sir Reginald Maxwell: From the account I have received, it does not suggest negligence. I am not acquainted with the full details. If the Honourable Member wants to know the full details, I must ask for notice.

Mr. Lalchand Navalrai: Was the road at that time overcrowded? Is the road a narrow one?

The Honourable Sir Reginald Maxwell: I have said the road is a narrow and crowded one.

REVISION OF SCALES OF PAY FOR INDIAN CIVIL AND POLICE SERVICES.

124. ***Qazi Muhammad Ahmad Kasmi:** (a) Will the Honourable the Home Member be pleased to state whether revised and lower scales of pay have been enforced for the new entrants to the various services under the Central Government with the exceptions of the Indian Civil Service and the Indian Police Service?

(b) Is he prepared to state the reasons for making these exceptions?

(c) If the question of revising the scales of pay of these two services is under consideration, is he prepared to state since when it has been under such consideration and when Government is likely to come to a decision?

(d) When were the revised scales of pay for the other services referred to in part (a) above enforced?

The Honourable Sir Reginald Maxwell: (a) Yes, except in the case of certain Services.

(b) The question of the revision of the rates of pay for new entrants to the Indian Civil Service and the Indian Police was exhaustively considered along with the question of the revision of the scales of pay for new entrants to the various services under the Central Government. It was ultimately decided by the Secretary of State that the question should be deferred until the future recruitment to, and conditions of service of, these Services came under general review.

(c) The question is not under consideration at present.

(d) In September 1933.

Lieut.-Colonel Sir Henry Gidney: Will the Honourable Member please state whether he is aware of the fact that similar old scales of pay are given to subordinates who are recruited from England for railways called "covenanted hands"?

The Honourable Sir Reginald Maxwell: I am not aware of that.

Lieut.-Colonel Sir Henry Gidney: Will the Honourable Member please take notice of that?

The Honourable Sir Reginald Maxwell: If the Honourable Member would put down a question, I will find out whether it is relevant to the Home Department.

Lieut.-Colonel Sir Henry Gidney: It is a central service and so it must refer to the Home Department.

The Honourable Sir Reginald Maxwell: I have said that revised rates of pay were introduced except in the case of certain services. The services in respect of which it was not introduced were the Zoological Survey, Class I. Survey of India, Class I, the Indian Ecclesiastical establishment, the Medical Research Department, Military Assistant Surgeons in civil employ and a few miscellaneous posts.

Lieut.-Colonel Sir Henry Gidney: But not on railways.

The Honourable Sir Reginald Maxwell: There is no mention of railways in my list.

OPENING OF A BROADCASTING STATION AT KARACHI.

125. ***Mr. Lalchand Navalrai:** Will the Honourable Member for Information and Broadcasting be pleased to make a statement in this House in regard to the opening of a broadcasting station at Karachi, especially on the following points:

(a) when the station is likely to be opened;

- (b) whether a building has been selected; if so, in what locality;
- (c) whether the construction work has started; if not, what the cause of the delay is; and
- (d) whether the required material has arrived from America or the country in which orders had been placed; if not, what steps have been taken to expedite the delivery of the required material?

The Honourable Sir Reginald Maxwell: (a) According to the latest information, the station is likely to be ready by the 1st March, 1943.

(b) Yes, on Frere Road.

(c) Structural modifications will be taken in hand as soon as negotiations for securing the building are complete.

(d) A part of the equipment has already been received. As regards the remaining equipment, priority assistance has been arranged and the material is expected to arrive by December next.

Mr. Lalchand Navalrai: Has the selection of the establishment been made for this Radio office?

The Honourable Sir Reginald Maxwell: I do not imagine that the establishment would be appointed until it was ready to work.

Mr. Lalchand Navalrai: Will it be by a selection board or by the officers of the Department?

The Honourable Sir Reginald Maxwell: I want notice. This is not included in the original question.

Mr. Lalchand Navalrai: Will the Honourable Member consider the advisability of confining the selection of the establishment to the local people?

(No answer.)

STATEMENTS LAID ON THE TABLE.

Information promised in reply to unstarred question No. 33 asked by Mr. Lalchand Navalrai on the 7th November, 1941.

RETURNS OF INCOME, ETC., IN RESPECT OF THE INCOME-TAX OFFICES IN THE SIND AND BALUCHISTAN ASSESSMENT RANGE.

- (a), (b), (c) and (e). The attached statement contains the information required.
- (d) Exact figures are not readily available, but notices are generally issued under these sub-sections in the majority of cases.
- (f) The information is not readily available.

Name of Income-tax Office.	Part (a)				Part (b)				Part (c)				Part (e)			
	No. of returns furnished in time in pursuance of public notice issued under S. 22 (1).	No. of assesses who did not furnish returns in time.	No. penalised.	1939-40	Amount of penalty.	No. of assesses who did not furnish returns in time.	No. penalised.	1940-41	Amount of penalty.	No. of cases in which notices were issued under S. 22(2), for not furnishing the return.	No. in which penalty was imposed for not furnishing the return.	1939-40.	1940-41.	Amount of penalty.	No. of cases in which action was taken under S. 23 (1).	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
I. T. Circle, Karachi	...	...	...	...	...	824	...	...	...	...	...	824	...	...	...	...
A Division, Karachi	1,857	1,857	1,857	1,857	1	2,131	1	10 0	2,131	5	853 12	52	74	52	74	
B Division, Karachi	1,322	1,322	1,322	1,322	...	1,811	...	...	1,811	...	...	76	86	76	86	
A. I. T. O., Karachi	1,983	1,983	1,983	1,983	...	1,933	...	...	1,933	...	...	99	236	99	236	
I. T. O., Hyderabad	...	1,822	1,822	2	449	1,799	1	*158	1,822	...	...	1,799	28	4,441 0	214	184
I. T. O., Sukkur	2	1,703	1,703	...	...	1,552	...	...	1,703	14	2,891 4	1,552	11	3,176 4	162	141
I. T. O., Shikarpur	1,028	1,028	1,028	1,028	...	1,150	...	...	1,028	...	...	1,150	1	293 0	435	178
I. T. O., Larhana	4	1,253	1,253	...	...	1,256	...	...	1,253	...	...	1,256	4	185 13	71	49
I. T. O., Tharparkar	...	994	994	...	...	1,206	...	...	994	1	3 0	1,206	14	4,998 0	127	18
I. T. O., Quetta	...	2,153	2,153	...	...	2,034	...	...	2,153	...	...	2,034	1	164 10	1,113	307
...	0	14,135	2	449	15,597	1	158	14,185	16	2,904	4	15,597	64	13,405	7	2,339
...	0	14,135	2	449	15,597	1	158	14,185	16	2,904	4	15,597	64	13,405	7	2,339

* Frequently cancelled on appeal.

Information promised in reply to part (a) of starred question No. 112 and unstarred questions Nos. 47, 49, 50 and 51 asked by Qazi Muhammad Ahmad Kazmi on the 11th November, 1941.

FAILURE OF THE CIVIL PUBLICATION DEPARTMENT TO SUPPLY CERTAIN MOTOR VEHICLE RULES TO THE MOTOR TRANSPORT, LAHORE.

Starred No. 112.—(a) The following is the result of the enquiry :

(i) In December 1940, the Editor, Motor Transport, Lahore, asked for the regular supply of Gazette of India containing notifications, etc., and a copy of the Motor Vehicles Rules, 1940 of Delhi, Ajmer-Merwara and Baluchistan. As the separate publications of the Rules referred to were not available with the Central Publication Branch, 3 copies of the gazette, dated the 30th March, 6th April and 27th April, 1940, respectively, containing the above Rules were supplied to the Manager, Motor Transport, Lahore, on the 20th January 1941. Apparently the Manager did not look into their contents carefully as he informed the Central Publication Branch that the copies supplied were not wanted by him as they did not contain the required Rules. It may be added that the Motor Vehicle Rules of Baluchistan and Ajmer-Merwara are available for sale to the public with the Traffic Branch of the Police Office, Quetta and the Secretary, Provincial Transport Authority, Ajmer-Merwara, Ajmer and that the Rules for Delhi are under print and will be available for sale shortly. Steps are being taken to stock a few copies of the Rules in the Central Publication Branch.

(ii) The delay which occurred in arranging for a regular supply of the gazette for which a remittance of Rs. 15 was received in February 1941 was unfortunately due to the fact that the name of the Manager, Motor Transport, Lahore, was erroneously not entered by the subscription clerk in the list of subscribers maintained in the Central Publication Branch. The Motor Transport Manager's wrong references to previous communications also contributed to the delay. Necessary arrangements have since been made for the regular supply of the gazette.

(iii) The Bengal Motor Vehicles Rules, as already stated in reply to parts (b) and (c) of the question, are not stocked by the Central Publication Branch. The Manager's first letter on the subject which was addressed to the Superintendent, Government Printing Press, Calcutta, was wrongly delivered in the Government of India Press, Calcutta. The Manager of that Press instead of sending it to the Bengal Government Book Depot, passed it on to the Central Publication Branch for compliance. This letter was unfortunately lost in the Central Publication Branch.

SUPPRESSION OF THE CLAIMS OF CERTAIN MUSLIM CANDIDATES FOR APPOINTMENT IN THE IMPERIAL VETERINARY RESEARCH INSTITUTE.

Unstarred No. 47.—(a) One.

(b) and (c). Government are unable to trace any such recommendation by the Commission.

(d) There is no communal reservation in respect of these posts requiring high technical qualifications. Subject to communal preference to the extent indicated in reply to part (e) of the question, the appointments are offered in the order of preference indicated by the Commission. No question of passing over Muslim candidates, therefore, arises.

(e) Government have recently decided to reserve the right, in filling these posts, to appoint a Muslim candidate even if he is not the first nominee of the Federal Public Service Commission, provided he finds a place in the list of candidates recommended by the Commission as suitable.

FACILITIES FOR STUDIES IN AND OUTSIDE INDIA TO THE STAFF OF THE IMPERIAL VETERINARY RESEARCH INSTITUTE.

Unstarred No. 49.—(a) Five members of the staff of the Imperial Veterinary Research Institute applied for and were granted such facilities during the last ten years.

(b) One.

(c) Does not arise.

SCHOLARSHIPS FOR STUDIES IN THE IMPERIAL VETERINARY RESEARCH INSTITUTE.

Unstarred No. 50.—(a) Yes.

(b) Two years.

(c) Rs. 150.

(d) Only two scholarships have been offered so far. None of these was offered to a Muslim, as no suitable Muslim candidate applied.

PROCEDURE FOR SELECTION OF CANDIDATES FOR CLERICAL VACANCIES IN THE IMPERIAL VETERINARY RESEARCH INSTITUTE.

Unstarred No. 51.—(a) Prior to 1936 appointments to clerical vacancies were usually made from candidates who applied specifically for each vacancy. Since then the procedure has been to maintain a waiting list of applicants for all such posts as they fall vacant. The Deputy Director interviews all applicants possessing necessary basic qualifications and compiles this list in order of merit, paying due regard to communal reservation rules.

(b) No competitive examination is held to fill vacancies in clerical posts at the Imperial Veterinary Research Institute.

(c) Does not arise.

(d) Eleven posts. The procedure has already been explained in reply to part (a).

(e) Does not arise.

(f) Yes 39, of whom 26 were Hindus, 9 Muslims, 3 Christians and 1 Sikh.

(g) The reply to the first part is in the negative. The second part does not arise.

Information promised in reply to starred question No. 68 asked by Mr. Govind V. Deshmukh on the 23rd February, 1942.

ACCIDENT CAUSED TO AN INDIAN LADY BY A MILITARY LORRY.

(a) It has been ascertained that a lorry driven by an Indian recruit, did hit a tonga. The case has been investigated and Government are satisfied that the occurrence was a pure accident and there was no intention to cause it deliberately; the driver was a novice. No cadets were concerned and the lorry contained Indian recruits.

(b) and (c). Do not arise in view of the reply given to part (a) above.

MOTION FOR ADJOURNMENT.**NON-RELEASE OF MAULANA HABIBUL RAHMAN, ex-PRESIDENT OF ALL-INDIA MAJLIS-I-AHRAR.**

Mr. President (The Honourable Sir Abdur Rahim): I have received notice from Qazi Muhammad Ahmad Kazmi of his intention to move for the adjournment of the business of the Assembly in order that he may discuss a definite matter of urgent public importance, viz., the failure of the Government of India to release Maulana Habibul Rahman, ex-President of All-India Majlis-i-Ahrar who is detained under the Defence of India Rules in spite of his having become subject to serious heart attacks and partial paralysis and is being kept almost in solitary confinement in Montgomery jail. Under whose orders is this gentleman being detained?

Qazi Muhammad Ahmad Kazmi (Meerut Division: Muhammadan Rural): So far as I know, and so far as I have been able to enquire, he is detained under the orders of the Government of India.

The Honourable Sir Reginald Maxwell (Home Member): That is not the case, Sir.

Mr. President (The Honourable Sir Abdur Rahim): As regards his illness, I suppose it is the jail authorities in the first instance who are to take any steps? Is it not?

Qazi Muhammad Ahmad Kazmi: The jail authorities do not provide sufficient allowance to call doctors from outside, and it is very difficult for him to meet the expenses himself.

Mr. President (The Honourable Sir Abdur Rahim): I suppose it is the Local Government then who have got to see that he is provided with necessary food and medical facilities. This seems to be purely a matter for the Local Government.

Qazi Muhammad Ahmad Kazmi: Is the Honourable the Home Member sure that he is not detained under the orders of the Government of India?

The Honourable Sir Reginald Maxwell: Yes, Sir. I am sure.

Mr. President (The Honourable Sir Abdur Rahim): The motion is out of order.

ELECTION OF MEMBERS TO THE STANDING FINANCE COMMITTEE.

Mr. President (The Honourable Sir Abdur Rahim): I have to inform the Assembly that the following Members have been elected to the Standing Finance Committee, namely:

- (1) Major Nawab Sir Ahmad Nawaz Khan,
- (2) Mr. E. L. C. Gwilt,
- (3) Maulana Zafar Ali Khan,
- (4) Mr. Umar Aly Shah,
- (5) Mr. Amarendra Nath Chattopadhyaya,
- (6) Dr. P. N. Banerjea,
- (7) Kunwar Hajee Ismaiel Ali Khan,
- (8) Mr. H. A. Sathar H. Essak Sait,
- (9) Dr. Sir Ziauddin Ahmad,
- (10) Mr. Saiyid Haider Imam,
- (11) Shams-ul-Ulema Kamaluddin Ahmed,

(12) Sardar Bahadur Captain Dalpat Singh,

(18) Mr. N. M. Dumasia, and

(14) Mr. T. Chapman-Mortimer.

REPORT ON THE PROGRESS OF THE SCHEMES FINANCED
FROM THE GRANTS FOR RURAL DEVELOPMENT.

The Honourable Sir Jeremy Raisman (Finance Member): Sir, I lay on the table a copy of the report* on the progress of the schemes financed from the grants for Rural Development.

ELECTION OF MEMBERS FOR THE STANDING COMMITTEE FOR
THE DEPARTMENT OF SUPPLY.

The Honourable Sir Homi Mody (Supply Member): Sir, I move:

"That this Assembly do proceed to elect, in such manner as the Honourable the President may direct, five non-official Members to serve on the Standing Committee to advise on subjects with which the Department of Supply is concerned."

Sir, I do not need to say more than a few words in support of this motion. When a similar motion was moved by my predecessor in office it met with a somewhat unhappy end,—the Assembly rejected it. The ground for the rejection appeared to be that several Honourable Members were not satisfied that the number of seats offered to the Assembly was adequate; and as Government did not think fit to increase the number they rejected the motion outright. I think they might have moved an amendment to increase the number of seats but they did not do it. So far as I am concerned, I am holding the olive branch to my Honourable friends and am offering five seats to the Assembly. I hope this motion will be accepted. Sir, I move.

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

"That this Assembly do proceed to elect, in such manner as the Honourable the President may direct, five non-official Members to serve on the Standing Committee to advise on subjects with which the Department of Supply is concerned."

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 Committee for the Department of Supply the Notice Office will be open to receive nominations up to 12 Noon on Saturday, the 7th March, 1942, and that the election, if necessary, will take place on Tuesday, the 10th March, 1942. 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.

*Not included in these debates, but a copy has been placed in the Library of the House.—*Ed. of D.*

THE INDUSTRIAL STATISTICS BILL.

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar.
(Commerce Member): Sir, I move:

"That the Bill to facilitate the collection of statistics of certain kinds relating to industries be referred to a Select Committee consisting of Maulvi Muhammad Abdul Ghani, Sir Muhammad Yamin Khan, Mr. Jamnadas Mehta, Mr. K. C. Neogy, Raja T. Manavedan, Mr. N. M. Dumasia, Mr. E. L. C. Gwilt, Mr. C. C. Miller, Mr. N. M. Joshi, Dr. Sir Ratanji, Dinshaw Dalal and the Mover, with instructions to report on or before the 16th March, 1942, and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be five."

I consider, Sir, that the Bill that I have the honour to recommend the acceptance of the principle of to this House today is a very important Bill. Honourable Members have been asking innumerable questions about the growth and development of industries in this country. Some two years back when a question regarding protection to a certain industry came up for my consideration I found myself in the unenviable position of possessing little facilities for obtaining statistics of any kind; no information relating to that particular industry was available in the Government archives. I understand that in 1923 or till about 1923, there was an industrial statistics section which compiled certain statistics, but that as a result of the retrenchment then embarked upon, that section was closed and from that date there was no comprehensive organised attempt at collecting industrial statistics. There were, of course, one or two publications issued by the Director General of Commercial Intelligence and Statistics, but they referred only to certain industries. No doubt the Cotton Statistics Act gave Government the right to compel the textile industry, in particular, to furnish certain kinds of statistics; but apart from that the statistical information regarding industries which the Government of India possessed was of a very meagre character. The Department at once considered how this great gap in our information can be filled, and the then Director General of Commercial Intelligence, Dr. John Mathai, was specially requested to put forward proposals with a view to obtaining statistics of industrial development in this country. His report was considered by Government and the proposal to undertake legislation was then placed before the Industries Conference which was held in December, 1939. That Conference recommended that the Central Government should undertake legislation. It is in the concurrent field of course and the Provincial Governments can undertake legislation on the subject; but for the purposes that we had in view it was essential that there should be similar statistics compiled from all provinces with reference to industries in each of these provinces. Any single province undertaking this legislation would hardly be serving the purpose that the Central Government have in view, or that the industrialists have in view, or that those gentlemen who want information about industrial development in this country and particularly economists who are surveying industrial development and want to make their own contribution to the theory and development of industrial life in this country have in view.

The proposal was then placed before the Conference of Labour Ministers because it was essential to get the Provincial Governments to agree to such legislation. That Conference of Labour Ministers also endorsed the suggestion for Central legislation on this subject. In particular that Conference was of opinion that the collection of certain statistics relating to industries and labour was most desirable, that the collection could be done if there was statutory backing or compulsion behind it, and that the best

method by which statutory compulsion can be exercised was through an Act enacted by the Central Legislature. The Conference also laid emphasis on the fact that the value of the statistics would depend almost entirely on the adoption of a uniform procedure and uniform methods, and that if this uniformity were to be achieved the power of making rules under the Act should be subject to some kind of control by the Central Government.

The next step which the Central Government had to take was on this recommendation of the Conference of Labour Ministers to consult the Provincial Governments and this was done. And I am glad to state that the Provincial Governments unanimously supported the proposal for the collection of these statistics by a statutory Act under the compulsory powers exercised by the Provincial Governments. As I said, in one province already, the province from which my Honourable and learned friend, Mr. Deshmukh, comes, *viz.*, the Central Provinces and Berar, there is a Collection of Statistics Act. We propose to follow very closely the legislation on the subject which has been adopted by that province.

Sir F. E. James (Madras: European): Has the Honourable Member got any assurance that the provinces will, in fact, utilise the powers which are going to be conferred on them by this Bill?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: The replies that I have given show that they are quite enthusiastic about this proposal, and I take it that once it has been passed they will collect the statistics.

The proposal in its final shape as embodied in this Bill which is before the House provides for the collection of statistics relating to several subjects mentioned in one of the clauses of the Bill,—all matters relating to factories or any class of factories, *i.e.*, concerns which come within the definition of the Factories Act or are declared to be such under powers conferred by that Act with particular reference to the output of their works and in some cases to the consumption of raw material. I may say that with reference to the Cotton Statistics Act itself there was a lacuna found by the Education, Health and Lands Department. It was anxious to estimate the amount of imported raw cotton used in the various mills as against indigenous raw cotton used by them. Under that Act there was no power to compel that information being provided, and that Department was considering the drafting of a Bill to enable them to do that. Now that a more comprehensive legislation has been taken all that information can be collected and it has been found not necessary to utilise the powers under that Bill. In fact the Cotton Industry Statistics Act of 1926 may well be repealed now when this Bill becomes law.

Sir, it is in these circumstances that I propose that this Bill should be taken up for consideration and referred to Select Committee. I did not wish to be understood that I was rushing the legislation through and therefore I have myself moved that the Bill may be referred to a Select Committee. But, as the House will see, already two years have been taken up with all the preliminary,—and I may add, inevitably preliminary,—steps that the Government of India had to take in consulting various conferences and various Provincial Governments. I personally would like this Bill to be on the Statute-book at as early a date as possible and that is the reason why I have suggested that the Select

[Sir A. Ramaswami Mudaliar.]

Committee may report by the 16th of March. It is my hope that this Bill will go through both the Houses during the current Session.

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

'That the Bill to facilitate the collection of statistics of certain kinds relating to industries be referred to a Select Committee consisting of Maulvi Muhammad Abdul Ghani, Sir Muhammad Yamin Khan, Mr. Jannadas Mehta, Mr. K. C. Neogy, Raja T. Manavedan, Mr. N. M. Dumasia, Mr. E. L. C. Gwilt, Mr. C. C. Miller, Mr. N. M. Joshi, Dr. Sir Ratanji Dinshaw Dalal and the Mover with instructions to report on or before the 16th March, 1942, and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be five.'

Mr. N. M. Joshi (Nominated Non-Official): Sir, I have great pleasure in supporting the principle of this Bill. I am sure the whole House will agree with the Honourable the Commerce Member that statistics are very necessary in order that the new policies which we may adopt are well-founded. The subject of this Bill, therefore, is very important. Unfortunately, the Government of India have taken too long to consider the question of legislating in order that we should have adequate and proper statistics on the subjects which go to form our new industrial and labour policies.

So far as I know, Sir, this subject was first considered by the Imperial Statistical Conference in 1920. After that the Bombay Government introduced a Bill similar to the one which we are considering today. That was in the year 1924 and the Government of India are following the Bombay Government now. Then, Sir, the Indian Economic Enquiry Committee which reported in 1925 also considered this subject and made certain proposals. Then the Royal Commission on Indian Labour considered this subject and made proposals on the legislation on the subject in the year 1931 about eleven years ago. Then, Sir, there was a report by Bowley and Robertson, made in 1933, which also recommended that provision should be made for the collection of statistics. Then, Sir, the International Labour Conference in the year 1939 passed a Convention regarding the collection of statistics. Unfortunately, the Government of India do not take much interest in the work of the International Labour organization and decided not to take any steps for the ratification of that Convention. . . .

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar:
Question?

Mr. N. M. Joshi: . . . That was in the year 1939. Then, Sir, the Honourable Member has also referred to the legislation passed by the Central Provinces Government. The only remark which I would like to make, Sir, is that the Government of India have lost their initiative. If some Provincial Government passes a legislation, then only the Government of India can move. I think, Sir, this is a reverse process. The Government of India should take the initiative and should lead the provinces towards reform and not wait for the provinces to show them the way.

Then, Sir, the Industries Conference met in 1939 and the Ministers Conference met in 1940 and discussed this subject and we are now

considering this Bill in the year 1942. I feel that this procedure is very dilatory and the Government of India would do well if they learn to transact their business a little more promptly.

I agree with the Honourable Member that legislation on a subject of this kind should be Central. In the first place, if the statistics are to be of much use for national purposes, the statistics should be uniform. Secondly, Sir, unless we have uniform statistics throughout the country, we shall not be able to undertake steps for the standardization of conditions as regards production and as regards labour legislation. From both these points of view, Sir, Central legislation is necessary.

Sir, I understand the desirability of consulting the Provincial Governments in passing legislation of this kind and the Government of India, therefore, acted wisely in considering this subject in a Conference with the Provincial Ministers. But, Sir, I could not understand this: If the Government of India introduces legislation after consulting the Provincial Governments then why should not the legislation be made applicable to all the Provinces directly by our legislation instead of power being given to them to apply it or not. I would like the Government of India to adopt a bolder policy in this matter. I have already made plain that I am not against consultations with the Provincial Governments. That consultation is necessary, but after that consultation is made, any legislation that may be passed should apply to the Provinces without power being given to the provinces that the legislation should be applied or not. I feel, Sir, that if the Government of India follow the present policy of practically leaving everything to the provinces, I fail to understand the utility of legislation by the Central Government. Moreover, if after a Conference with the Ministers, Central legislation is to be passed and that Central legislation is not to apply to the provinces, I consider that the Government of India and the Central Legislature stultify themselves. A debate in the Central Legislature becomes a mere academic debate.

I would, therefore, like the Government of India to continue their policy of consulting the Provincial Governments but after that consultation to pass legislation so that it will apply to all the provinces without any further power being given to them to apply it or not. Moreover, if power is given to the Provincial Governments to apply the legislation to that province or not, our object is not served. Our object is that there should be a uniform policy adopted by all the provinces and if certain provinces will not apply the Bill to their territories the object of the Bill is frustrated. I, therefore, suggest, to the Government of India that they should consider the remarks which I make on this subject very seriously when they bring forward legislation on similar subjects hereafter.

Considering the Bill itself, it seems to me that the Bill falls into two sections. There is a section—§ (1) (a)—which enables the Local Government to collect statistics on any matter relating to factories. The Honourable Member indicated in his speech that the statistics which may be collected regarding factories will be the statistics regarding production, use of raw material and other matters. I think that a census of production is very necessary and the statistics regarding production is very useful. The collection regarding the use of raw material too will be useful. But what I do not understand is this, that the Government of India restrict these statistics to factories only. Factory industries are not the only industries which we are developing. We are developing

[Mr. N. M. Joshi.]

mining industries, and I do not know why the Government of India should not have included mining along with the statistics for production, raw material and other things. Then there are other industries, plantations which produce tea, coffee, rubber, etc. Why should not the Government of India be interested in the collection of statistics regarding plantation industries?

Sir F. E. James: And pepper!

Mr. N. M. Joshi: I would include pepper in the plantation industries. Then the most important statistics which we need are those regarding agriculture. I do not know why the Government of India should exclude agriculture from the purview of this Bill. I would, therefore, like the Select Committee to consider the question of giving power to the Local Governments to collect statistics as regards agriculture, mining, plantations and other industries. We should also have statistics regarding shipping, the life and conditions of seamen, regarding the work done by workers in docks, loading and unloading and the building industry. I do not wish to give a full category of all the industries regarding which we should collect statistics.

The second part of the Bill deals with the collection of statistics regarding welfare work, the welfare of labour and the conditions of labour. I take it that this part will apply to all industries and to all occupations.

I do not wish to deal with the details of the matters on which statistics should be collected, but I would like to make one or two remarks. My first remark is that this section does not make provision to collect statistics regarding the health of the workers. We have been considering the question of establishing health insurance; the Government of India have delayed the passing of legislation over health insurance on the ground of want of statistics. We are today considering a Bill for the collection of statistics, and I find that we are not providing for the collection of statistics regarding the health of the workers. I would also suggest that the Government of India should include the question of fatigue and other similar questions which affect health of workers.

As regards other details, I do not wish to make any remarks at this stage; but before I close I would like to make one suggestion to the Government of India. Whether that suggestion should be put into the Bill or not I am not quite sure at this stage; but when the Government of India begin to establish machinery for the collection of statistics, they should take steps to appoint an advisory committee so that the subjects on which statistics should be collected, the methods of collecting statistics and other important subjects should be discussed, and the interests affected, such as the interests of employers, the interests of labour and other interests should be consulted. I would, therefore, suggest to the Government of India to appoint an advisory committee at the Centre and also suggest to the provinces to appoint advisory committees in the various provinces in order that the work of collecting statistics should be well done. Sir, I support the motion made by the Honourable Member for Commerce.

Dr. P. N. Banerjee (Calcutta Suburbs: Non-Muhammadian Urban): Sir, I rise to give my whole-hearted support to this motion. After the observations which have been made by the Honourable the Mover of the

motion and my Honourable friend, Mr. Joshi, I need not say anything to emphasise the necessity for collecting statistics of industry. But the collection of statistics should be in accordance with scientific method. Unless that is done, the mere collection of statistics by crude methods will not only be useless but may lead to harmful results. Therefore, I suggest, that not only in the collection of statistics but also in the classification and presentation of statistics and in the conclusions which are to be drawn from the data collected, scientific methods should be applied. How is that to be done? If scientific method is to be applied, you must have the proper machinery for this purpose, and I would advise the Honourable the Commerce Member to take the assistance of the Indian Statistical Institute. That body is doing excellent work and is publishing a journal which has become known not only in this country but throughout the world. If you take the assistance of this body, your method will not go wrong; your conduct of all the stages of investigation will be in accordance with the scientific method. This body, I may tell the House, receives a small grant from the Government of India and also a small grant from some of the provinces. You will have to increase these grants and for this particular kind of work you will have to look to the financial position of that institution. If you do that, I am sure that the collection of statistics will be conducted in a most satisfactory manner.

Sir F. E. James: Sir, I am sure that every one will welcome the opportunity of obtaining reliable and accurate statistics in the industrial field. This Bill introduces a new principle of compulsion. Therefore, it is necessary that those who study its provisions in the Select Committee should see that there is no opportunity provided by this Bill for any harassment of those to whom this collection of statistics may be applied. It all depends on how the machinery is set up in the provinces, and I very much hope that every effort will be made to avoid duplication in the matter of collecting statistics. My Honourable friend who is in charge of the Bill knows that industries now have to supply statistics of various kinds to a number of different authorities. There is the Factories Inspector, who asks for statistics; there is the Health Department which frequently asks for exactly the same kind of statistics as those required by the Factories Inspector; there are the municipalities; there is even the Income-tax Department; there is the Labour Commissioner; and I know from my own personal experience that very often three or four different authorities invite a certain industry or association to supply precisely the same types of statistics, though possibly under different heads. And now there is to be a new organization set up in the provinces to collect statistics under a number of heads which are detailed in clause 3 of the Bill. Under many of those heads statistics are already being supplied to existing authorities in the provinces, and, therefore, I do hope that there will be, as far as possible, an avoidance of duplication in the matter of providing this information.

I am glad, Sir, to notice that in section 7 provision has been made to restrict the publication of returns and information, and I do hope that the Select Committee will study that very carefully to make quite sure that it is water tight; because my friend will realise that it is essential that every feasible step is taken to prevent valuable information being supplied, as between say one industry and another or one section of the industry and another, or as to particular sections of that industry.

[Sir F. E. James.]

My Honourable friend, Mr. Joshi, has raised an important question as to the scope of the Bill. It is called a Bill to facilitate the collection of statistics of certain kinds relating to industries. But apart from the reference to factories in clause 3 (1) (a), there is no further reference to industry as such, and I am not quite sure whether the Bill applies only to factories within the meaning of the definition referred to in clause 3 (2), or whether it applies to all types of labour employed either in urban industries or in rural industries.

There is one other point which I should like to mention at this stage, as this is the right place to mention it; and that is, how the organization, which presumably will be set up in the provinces, is to be financed. We are always suspicious of these new departments, because there has been growing in recent years a tendency for departments engaged in the collection of statistics to support themselves by the levy of fees upon those who are asked to provide the information. I could tell my friend some very interesting and somewhat startling stories as to the way in which the Factories Inspectorate in some provinces manages to finance itself. When funds are running low, the Inspector will go out into a factory and order an electric switch to be removed from one part to another and thereby earn the levy of a fee of Rs. 10 for inspection, which naturally goes to the credit of his departmental funds. I should, therefore, like to ask my friend whether this is to be a department of the Provincial Government which is charged normally upon the revenues of the province, or whether it is to be a department which, by the levy of fees, is to be regarded as self-supporting. It would be rather hard lines on the industry concerned if, as a reward for the provision of statistics probably on a large scale, it were asked to pay a fee levied for the purpose of supporting the department of statistics concerned.

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: There is nothing in the Bill to suggest it.

Sir F. E. James: I know there is nothing in the Bill, but on the other hand, there is a provision in clause 11 of the Bill whose significance I am not fully aware of—that the Central Government may give directions to a Provincial Government as to the carrying into execution of this Act in the Province. If this is one of the directions which might be included in the scope of the clause, I would suggest that my Honourable friend should order the Provincial Governments not to make this department self-supporting in the way which I have just described.

There is only one other point I should like to make. I consider that the items detailed in clause 3 need considerable revision. They should, as far as possible, be brought into line with the descriptions under which statistics are already being collected in some of the provinces, as if that is not done, there is likely to be the duplication of effort which I have referred to and which, I think, should at all costs be avoided.

Maulvi Muhammad Abdul Ghani (Tirhut Division: Muhammadan): Sir, this Bill deals with the collection of statistics relating to industries. In the first place, I should like to say that this is a useful piece of legislation, but I should like to point out that when statistics are collected, it will only help the Departments. No information of such collection is

given to the representatives of the people. The books of information are not supplied to Members unless some request is made for such information, and it is not certain that such a request will be acceded to. I think the Select Committee will see their way to make provision to see that the collection of these statistics will also reach the representatives of the people of India. I find from this Bill that statistics will be prepared in regard to loans advanced to workers by moneylenders, rates of wages, etc., but I don't find here that statistics will be prepared as to loans advanced to agriculturists also. I think the Honourable Member in charge may say that agriculture does not come under industries, but at least sugar is brought under industry. A part of agriculture has been taken under the head of industries. Even if data is collected regarding the loans advanced to sugarcane growers or others interested in the sugar industry, it will be very helpful. I hope the Select Committee will consider this suggestion of mine, that statistics may be collected in respect of loans advanced to agriculturists generally. With these few observations, I support the Bill.

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: Mr. President, I am grateful to Honourable Members who have spoken on this Bill and have given their general support to the principles embodied in this measure. My friend, Mr. Joshi, of course, represents in this House the very old and familiar character, Oliver Twist. He is always asking for more. If a Bill is introduced today, naturally the Government of India is to be censured for not having introduced it 20 years earlier. If a Bill is introduced today in one form or another, naturally the Government of India is to be censured for not having framed it in a more exhaustive form; but in this work-a-day world, we have to take things as they are, and I am thankful for small mercies that his criticism has not extended over a wider field than it has today.

This Bill refers to factories and industries, and it is not possible to bring in agricultural plantations and other things into the orbit of this measure. This is the first step which we are taking to have some sort of organized statistics on a compulsory basis let me point out, and when you have in mind the idea of compulsion, it is obvious that the Government can go only by stages, and that it cannot bring all sorts of statistical information at once into its orbit by using the methods of compulsion. Not only that: the Provincial Governments have to be taken with us in all these matters. They are the executive authorities who will have to sponsor the working of this Act, to have the necessary personnel for collecting the information, and to have all the other executive authority and executive personnel for helping us to get this Act working in the manner we desire it to be worked. Therefore, there are naturally drawbacks on the Central Government from rushing in paths which Mr. Joshi may not fear to tread. That is the reason why we have come forward with this measure in this particular form. Some helpful suggestions have been made which I have taken note of, and I hope to give my best consideration to them.

My friend, Dr. Banerjee, has suggested that in the actual utilisation of these statistics or methods to be adopted for the utilisation of these statistics or even at the preliminary stages when we have to evolve plans according to which these statistics may be collected, the Institute of Statistics which is functioning so admirably in Calcutta under Professor Mahabalanis may be utilised. I am personally aware of the

[Sir A. Ramaswami Mudaliar.]

value of that work, I am thankful for the suggestion and I hope to avail myself of the advice of those connected with this Institute with reference to these matters.

Mr. Joshi has suggested that the advice of labour may be obtained before these forms are prescribed. I am perfectly willing to consider that suggestion also. I cannot undertake to advise the Provincial Governments as to what they should do, what advice they should get in collecting statistics. That is a little beyond my province, but so far as I am concerned, I am perfectly willing to avail myself of any advice that may be ready and at my disposal in these matters.

My Honourable friend, Sir Frederick James, raised the question of the incidence of the cost, and particularly, he was concerned whether that cost would fall on the industrial organisations. So far as preliminary and primary collection of statistics is concerned, that is a function of the Provincial Governments. Executive authority vests in them and the incidence of the cost will therefore be borne by them. Whether they will meet it from the ordinary provincial revenues or they will take it from certain sources specifically is a matter for them to decide, but I can give this assurance that I do not propose to ask them to levy any cess or any sort of taxation on industrial concerns to enable them to collect these statistics. I can also give this assurance that the Central Government which will co-relate and co-ordinate the statistics and publish the ultimate results of the statistics and the inferences to be drawn from those statistics does not propose to make any special levy on industries for that purpose. I must leave it there. My Honourable friend suspected clause II where it is said that the Central Government may give directions to a Provincial Government as to the carrying into execution of this measure in the Province. I have already said that it was our first anxiety to see uniform procedure and uniform methods adopted in the collection of these statistics. That clause relates to securing that uniformity. My Honourable friend may refer to section 126 (2) of the Government of India Act. He will find, that where the Provincial Government has got executive power—

“The executive authority of the Federation shall also extend to the giving of directions to a Province as to the carrying into execution therein of any Act of the Federal Legislature which relates to a matter specified in Part II of the Concurrent Legislative List and authorises the giving of such directions.”

It is that function that is proposed to be exercised under clause II of the Bill, no more and no less.

Sir, I commend the motion for Select Committee to the acceptance of the House.

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

“That the Bill to facilitate the collection of statistics of certain kinds relating to industries be referred to a Select Committee consisting of Maulvi Muhammad Abdul Ghani, Sir Muhammad Yamin Khan, Mr. Jamnadas M. Mehta, Mr. K. C. Neogy, Raja T. Manavedan, Mr. N. M. Dumasia, Mr. E. L. C. Gwilt, Mr. C. C. Miller, Mr. N. M. Joshi, Dr. Sir Ratanji Dinshaw Dalal and the Mover, with instructions to report on or before the 16th March, 1942, 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.

THE PROTECTIVE DUTIES CONTINUATION BILL.

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar (Commerce Member): Sir, I beg to move:

"That the Bill to extend the date up to which certain duties characterised as protective in the First Schedule to the Indian Tariff Act, 1934, shall have effect, be taken into consideration."

In one sense I feel that I owe no apology for bringing this Bill in this form, notwithstanding the criticism that was addressed to me on the last occasion when I had to take a similar step. A large number of measures assuring protection to various industries comes to an end at the end of this month, that is, March, 1942, and Government have had under anxious consideration the course that they should adopt with reference to the further measure of protection and the level of protection that may be given to these industries. Iron and steel, wood pulp and paper, cotton and silk manufactures, sugar, gold and silver thread, sericulture, and among agricultural products, wheat and wheat flour,—all these commodities and manufactures have had protection extended to them and the period of protection expires in most cases, except with reference to sugar, in the year 1942, and the level of protection of sugar is determined at the end of March 1942 and has to be reconsidered. I have come forward with an omnibus proposal that the present level of protection may be extended to these commodities for a period of two years. It is impossible at the present time to calculate with any certainty the level of protection that is required. In fact, one may say perhaps with reference to almost all these items no protection may be required at all under present circumstances. Not only is the cost of the imported article in most cases so high that protection is not necessary owing to freight and insurance charges and the higher price of the commodity at the other end, but our policy of import control is being so rigorously administered now that even supposing a commodity can come at a lower cost, very little of that commodity or manufactured article can enter the Indian market at the present time. So that, in one sense, it is a purely academic matter for discussion whether protective duties should be extended, and particularly, the level of duties at which that protection may be maintained. I am perfectly conscious of that fact. At the same time we are living in very uncertain conditions today. He would be a bold man who would say that, because today these are the present conditions, therefore even for the next twelve months these conditions will continue and no protective wall need be built around those industries which have already been promised that protection. It is the realisation and consciousness of this fact that has induced the Government to come forward with a proposal to carry on on the present basis notwithstanding all the factors that I have brought to the notice of the House. It is proposed that for the next two years this level of duty may be continued. It is true that this level of duty, whatever it has been up to now, is being further increased by the surcharge that has been recently suggested in the Finance Bill, and, therefore, if the Finance Bill, is accepted by the House, the level of protection will be further increased. But there is no danger whatsoever that this increased level of protection will do what the last surcharge did, that is, give undue protection to industries and set in the vicious circle of increased protective duties and increased protection to industries, at a higher level than what is really wanted. As I have said,

[Sir A. Ramaswami Mudaliar.]

Import control is so functioning that very little of these commodities are coming in and, therefore, it will not have any deleterious effect in that way.

I have said that in the uncertain conditions that prevail the safest course is to continue the level of protection at present undisturbed for a period of two years. I should like to make one personal observation and this is an observation which I am making in my personal capacity and not as a Member of the Government of India. In bringing this Bill I personally had another consideration also. It is given to few of us to have the capacity of seeing below the horizon and of taking note of things which have not yet emerged above the surface. I do not possess that vision. But I would like to say this that in reference to economic matters such as these it seems to me, following the trend of recent policies of various countries, that I would be doing my duty to my country by advocating that we should continue whatever tariffs we have at the present moment till more stable conditions come into existence. Unilateral disarmament in the physical and the defence fields have brought the world very nearly to ruin. The present stage in which we find ourselves is because of that very humane and very generous but very suicidal and thoughtless policy of unilateral disarmament. If for a moment I can leave the defence field and the physical field and enter into matters of economics, I feel personally that a similar unilateral disarmament in the economic field would be fraught with the greatest danger at a time when the world as a whole may have to collaborate for freer movement of trade and for greater accessibility of resources of various kinds by one country in another. Having that in mind, I venture to think that the best advice that I could give with the knowledge that I have as Commerce Member is for the country to accept this omnibus Bill to continue this level of protection at this rate for the next two years, at any rate.

We have hopes that the clouds would disperse and that we shall emerge into a brighter day. We do have the faith and confidence, whatever may be the position today, that ultimately the cause of justice will triumph and at that time I want my country to be as well armed economically as any other country will be. That is one of the reasons why I say that all our economic defences should be full and up-to-date. For all these reasons I commend this Bill to the acceptance of the House.

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

"That the Bill to extend the date up to which certain duties characterised as protective in the First Schedule to the Indian Tariff Act, 1934, shall have effect, be taken into consideration."

Pandit Nilakantha Das (Orissa Division: Non-Muhammadan): Sir, after hearing the speech of my Honourable friend it appears that he was simply shelving his duty and not doing his duty to his country. Now, his arguments are in favour of not extending this protection till 1944 because the imports are strictly limited and we do not know if we shall ever have the imports of such articles as sugar and paper to compete with our indigenous products. If the Honourable Member at any time wants to levy a protective duty which is even more than what is considered necessary, there will be no difficulty to levy it by an Act or a Bill can be introduced for taking the necessary powers from the Legislature to impose any emergency duty. Instead of doing that and taking into

consideration the duties that already exist and also the fact that the prices of ordinary commodities have risen so high; and again, in spite of the fact, that over 200 crores of rupees are being spent in this country over war efforts in many parts of the country conditions of famine may prevail very soon, one really fails to understand why this Bill should have been brought before this Legislature. We have no objection to give protection if there is need for it. We are ready to give powers to the Governor General to levy any duty at any time if the country needs it or if our industries need it. Perhaps those powers are already there. But without taking note of the statistics and of the conditions prevailing in the country and the purchasing power of the people in our villages, to bring a Bill like this seems to me to be rather shirking one's duty. Perhaps the Honourable Member has got other duties to perform at this time of war when the whole Cabinet, including the Commerce Member, is engaged on war matters and I think it is for that reason that such a Bill has come before this Assembly. I should appeal to the Honourable Member to postpone the consideration of this Bill and to bring a Bill, if it were needed at all, only when there is need for it after taking into consideration the facts that will then arise. Sir, I oppose the Bill.

Mr. J. Ramsay Scott (United Provinces: European): Mr. President, I support this Bill. The continuing of protection gives the Government power at any time to lower or increase the protection according as the needs of industry may arise.

Maulvi Muhammad Abdul Ghani (Tirhut Division: Muhammadan): Sir, I do not like to grudge the extension of protection to these industries for a limited period, say, up to 1944. Last year we ventilated the grievances of the sugarcane growers and it was suggested by Government that the matter will be looked into before the next protection was taken into consideration. I have come to know that some representatives or experts of the sugar industry are being consulted. The difficulty of the sugarcane grower is that in these days of paper propaganda everyone tries to pass himself as a representative or expert of that industry. The Government have no option but to take into consideration that propaganda and put such persons on the Committee and take their opinion. It often happens that these very people who pose themselves as representatives of that particular class, say, cane grower, are no other than capitalists, who are rather the enemies of the growers. So these poor cane growers who are the actual persons, who are the primary people concerned are deprived of their opinions regarding their grievances. I have bitter experience of these Committees. There is the kisan movement in the country and I have found that almost all the office bearers of this kisan movement are zamindars, not a single office bearer is a kisan pure and simple. So, I am afraid that the Honourable the Commerce Member might have seen this paper propaganda and he might have made selections from such persons who try to pass themselves as real cane growers. If he will analyse, he will find that most of the people whom he has selected are either capitalists who have advanced money to run the factory or who are dealing in the business of sugar. I do not know how far he has succeeded in obtaining their opinion regarding the fair price to be fixed for the cane growers. This is an industry by which the capitalists and the Government are being benefited in these days. The Government charge some excise duty no doubt and the capitalist makes much money these days out of the toils of the cane growers. There was a time when sugar was being sold at Rs. 6 odd

[Maulvi Muhammad Abdul Ghani.]

a maund and the price then given at the instance of the Provincial Governments for cane was five to six annas. But now-a-days when the price of sugar, not retail but wholesale, is about Rs. 12 a maund, the price of cane has been fixed under certain legislation by various Provincial Governments in the name of control, as five annas a maund. The kisans, the cane growers in Behar have shown resentment and they refused to supply cane to the factory owners at that price. The result was that the Government of Behar and the United Provinces could not do anything, but the capitalists finding they are put to greater loss, came forward and offered instead of five annas, the rate of six annas per maund. That was no doubt very insignificant in comparison with the present price at which sugar is being sold. The rate for sugar cane should have been in these days at least one-sixteenth of the price of sugar per maund, that is to say, at least twelve annas a maund. This should have been given to the cane growers. So with such a kind of protection, I think the consumers are at a loss, the cane growers who are the primary persons concerned are at a loss and there is another question to be decided, that is how long this sort of spoon feeding will be continued. May I ask whether a time will come for the sugar industry to stand on its own legs? May I ask the Honourable the Commerce Member to see whether any efforts are being made now by these factory owners that sugar industry will stand on its own legs at least after sometime. So that having that period in view, legislation should be promoted. Indefinitely one year's extension at a time, sometimes two years extension at a time should not be had. The sooner this practice is done away with, the better.

I have pointed out that the sugar industry is only benefitting particularly one class of people, the capitalists. The public exchequer is put to loss, the consumers are put to a loss and the cane growers are also put to a loss. With these observations, I hope the Honourable the Commerce Member will see that he may not come forward with another suggestion that protective duty should be extended indefinitely, or one year every year after the expiry of 1944. With these observations, I resume my seat.

Mr. Jamnadas M. Mehta (Bombay Central Division: Non-Muhammadan Rural): Sir, there is a good deal of unreality about this Bill. In fact it is a confession of utter helplessness. Besides, it has some potentialities for injuring the economic interests of the country. Therefore, I would very much prefer the Government had, as promised last year, not extended the life of this protective duty. If you examine the memorandum accompanying the Budget under the head 'protective duties', you will find that the total amount which the Government are likely to receive next year will not be very much higher than a crore and a half. Every rupee that they collect as a duty will go into purchase price of war and military supplies which they buy in the market with the addition of interest charges on the part of those who pay that duty and profit even on them. Therefore, what they received by way of customs duty will be one rupee, but in the matter of supplies for war, they will be paying Rs. 1-4-0 or Rs. 1-6-0. It is, therefore, a suicidal thing to receive one rupee and to pay Rs. 1-6-0. I am afraid that the Government have done this for two objects. Not that my Honourable friend is guilty of any conscious effort in that direction. Far from that. What I mean is that the excise duty on some of these articles will be kept up because there is the protective duty. If this protective duty had disappeared he would have not been justified in keeping on the

excise duty on these articles; the justification for the excise was that while the articles excised enjoyed protection and were making money they should agree to be taxed in the interest of the general taxpayer.

Now I say that Government have a double object *i.e.*, in getting what they can both from the excise duty and the customs duties on protected articles. And yet in both these cases they are the sufferers. If it were anything in the interest of the taxpayers or of the Government finances I would not mind it; but in both the cases they are the sufferers. The articles which they protect nominally will bring them a small revenue but increase the prices of what they require for war purposes and civil purposes; and it has the additional effect of making these things unnecessarily dear for the consumer. The sugar manufacturer, for instance, says that he is paying a very high rate of excise duty and he must, therefore, include that in his price of sugar. The vendor of foreign sugar will say that he is subject to customs duty and he must increase his price of sugar to that extent. And as a matter of fact the customs duty on sugar is only Rs. 2,05,000. That means that foreign sugar is not at all coming and with the conflict in the Pacific, particularly, in the Netherlands Islands and Java which were the only real sources of any import of sugar into this country even this might not come. Whose is the competition, therefore, against which the sugar manufacturer in this country will have to contend? Nobody. The protection is unreal because there is no foreign sugar coming, and the disadvantage is much greater than the advantage, both to Government and the consumer. The unreality is there and it is really pursuing a phantom to say that you are protecting anything now.

Tatas told you last year that they did not want any protection and still you wish to have, in the name of protection to the steel industry, an income of 26 lakhs of rupees. What are 26 lakhs of rupees against crores of rupees of steel that we now need? And why do you want unnecessarily to make Tata steel dearer in the market? Already the civil supplies are very limited; the building of houses for the poor and the rich, wherever steel is used, becomes costlier by your maintaining this fictitious figure; it gives an excuse to the manufacturer in this country to keep prices up. If Government had kept their promise of last year it would have been possible to review the condition of these industries before you extend them any protection. If they had made this inquiry they would have found that it is very easy to find out the fortunes of the various industries today. They are all working to capacity, foreign competition is little, and if you take away the element of extra profit that they are making you will find that a large number of them do not need any protection at all. So the consequence of this Bill will be deleterious on the economic condition of this country. The masses will unnecessarily pay for the inclusion of excise duty and customs duty in the case of these protected articles which is I think wholly wrong. In this Bill it is not possible for us to inquire into the conditions of the working classes who are today in these industries. We could have made certain suggestions for the protection of their condition and their wages. The Honourable Member cannot be unaware that the wages in the sugar industry are very low. The housing is non-existent; even medical relief is precarious, and workers have to come many miles from the villages, round about, in order to earn a very scanty five or six annas a day in some of these sugar factories. They must be making a profit because foreign competition has disappeared but because it is subject to that high rate of duty your own manufacturers include that excise duty and the protective duty in the price of sugar.

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: Sir, various points have been made by speakers in the course of this discussion. Some have frankly suggested that there is no need for this Bill at all,—a suggestion with which I am not altogether out of sympathy, as I said in my opening statement. Many of these protective duties are nominal; they have no value. The internal price has been adjusted on a different basis altogether; very little of these products are coming. But if Honourable Members feel that the Government of India have not paid any attention to the question which my Honourable friend, Mr. Jamnadas Mehta, has prominently raised,—the question of the consumers' interests,—and that they have totally ignored them and have merely come as a protector of the capitalist, they are entirely wrong. Let me take each one of these things. First let me take wheat and wheat flour. I think Mr. Ramsay Scott put his finger on the spot when he said that this merely enables Government to have recourse to protective duties if necessary and when it is necessary to have those duties. In the case of wheat and wheat flour we have done that. We found that wheat was selling at a high price and we found that some wheat at least can come. Today the protective duty on wheat is a cipher. We have reserved to ourselves the power to reimpose that duty. It is much more easy for Government, when the Legislature has authorised them to levy a protective duty at a certain date, to act administratively and lower that rate. We cannot increase it but we can always lower it, and we can lower it to a cipher,—exactly the thing that we have done with reference to wheat and wheat flour. We were not unconscious of the interests of the consumer.

Take another commodity,—paper and pulp. I had very serious doubts when the price of paper was shooting up whether I would be justified at all in coming to this House and asking it to continue the protective duty. I called a conference of the paper manufacturers and told them that I was in this dilemma that unless I was able to satisfy the House that the price of paper is more normal than it was at the time it would be utterly unjustifiable on my part to come and ask for the continuation of this protection, and that the paper manufacturers should take all the consequences though at the time they may not care whether protection is continued or not. I may tell the House, though my Honourable friend, Pandit Nilakantha Das, said that at any time a protective measure can be passed by this House, it is always more difficult for a protective measure to be adopted by the House than for the Government and the House to give up a protective measure. And I pointed out that danger. What was the result? The manufacturers put their heads together and agreed to a level of maximum prices which would operate in the market for the bulk productions. We have secured that agreement. Government have enforced it. Rates have been published and Provincial Governments have been asked to follow these wholesale prices in their areas so far as retail prices are concerned and to see to it that any person who sells at a higher price is penalised. It is not as if we have no concern at all in regard to these matters.

Now, I may say some thing about iron and steel. The price at which iron and steel is coming into this country today is higher than that of the locally produced iron and steel. There is no doubt about that. My Honourable friend, Mr. Jamnadas Mehta, spoke of the sacrifices which the Government were making with reference to that. I can assure him that the iron and steel purchased on behalf of the Defence Services by the Government from the local production is cheaper than anything that either the civil consumer is buying or that some other departments of Government are buying and certainly much less than the price which Government

will have to pay even if without the protective duty the iron and steel were to enter into this country at the present time.

Sir, my Honourable friend, Mr. Jamnadas Mehta, again spoke of the excise duty and thought that there was a hidden Machiavellian unconscious purpose of the Government of India in re-imposing the protection because otherwise the excise duty will be endangered. Now, in all these items under this Bill there is only one item—sugar on which excise duty is collected. On cotton textile, on sericulture, on wheat, on wood pulp, on paper, on iron and steel there is no question of excise duties.

Mr. Jamnadas M. Mehta: On matches.

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: I have not included matches in this because the period of protection on that continues for a longer period. On all these things there is no question of excise duty, and, therefore, the Machiavellian purpose of the Government can only be correlated to this one item of sugar. Sir, I know this is a favoured item with most Members of the House, and I can assure you that so far as sugar is concerned and so far as sugar manufacture is concerned, the Government of India has constantly had discussions not merely with the sugar interests—the sugar producers—but with Provincial Governments during the last two years. With reference to this particular question of sugar and protective duties, the Government of India had a conference with Provincial Government representatives, not with sugar growers, not with capitalists, but with representatives of Provincial Governments, Ministers and Advisers concerned only in February of this year, and their unanimous advice to the Government was to continue the protective duty and to continue it at its present level.

Pandit Nilakantha Das: Did they also consider fixing the price of sugar?

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: I am coming to that. I may add for the information of Maulvi Abdul Ghani that the period of protection for the sugar industry has already been fixed by the first Act and, I believe, it continues till 1947. What is sought to be fixed is the level of protection for the duty. The period of protection has been fixed by the Council for 15 years—from 1932 to 1947—but from time to time Government has to come before the House to fix the level of protection duty for this industry.

Now, Sir, it is perfectly true that no sugar is coming from outside; very small quantities have come so far and perhaps even that much is not likely to come in future. Therefore, the incidence of protective duty has nothing to do with the level of prices at which sugar is selling at present. Let us be clear about that: Whether this Protective Duty Bill is passed or whether it is rejected by this House, the level of price internally will not be affected. We have had that in mind and, therefore, I said once before and repeat it again that the question of controlling the price of sugar is under consideration by the Government and I hope to make an announcement on that very soon. In all these matters what is far more important is not to see what effect the protective duty has on the level of prices but to follow the course of prices by itself internally and to see what control has to be exercised under these circumstances. That is why I said it was a sort of academic discussion in some respects to follow up this question of protective duty. I have not justified the level of protective duty at this time. In fact I said I have no material to justify it. At the

[Sir A. Ramaswami Mudaliar.]

present time all these duties may possibly be left out without any serious detriment to the industry but we have to look further ahead and it is equally true that I cannot feel happy or satisfied that for the next two years the same conditions can continue. It is under these circumstances that I have invited the House to adopt the measure embodied in this Bill.

Pandit Nilakantha Das: But why not for one year—1943 instead of 1944?

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

“That the Bill to extend the date up to which certain duties characterised as protective in the First Schedule to the Indian Tariff Act, 1934, shall have effect, be taken into consideration.”

The motion was adopted.

Clause 2 was added to the Bill.

Clause 3 was added to the Bill.

Clause 1 was added to the Bill.

The Title and the Preamble were added to the Bill.

The Honourable Diwan Bahadur Sir A. Ramaswami Mudaliar: Sir, I move:

“That the Bill be passed.”

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

“That the Bill be passed.”

The motion was adopted.

DEMANDS FOR SUPPLEMENTARY GRANTS—RAILWAYS.

DEMAND No. 5.—PAYMENTS TO INDIAN STATES AND COMPANIES.

Mr. T. S. Sankara Aiyar (Government of India: Nominated Official): Sir, I move:

“That a supplementary sum, not exceeding Rs. 43,65,000 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, 1942, in respect of ‘Payments to Indian States and Companies.’”

Sir, the reasons for this Supplementary Demand and for the Supplementary Demands which will be placed before the House subsequent to this, have been explained in brief at the foot of each Demand in the book of Supplementary Demands, a copy of which has been supplied to the Honourable Members, and the reasons have been explained in detail in the Proceedings of the Standing Finance Committee held on 30th and 31st of January, 1942. Sir, I move.

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

“That a supplementary sum, not exceeding Rs. 43,65,000 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, 1942, in respect of ‘Payments to Indian States and Companies.’”

Mr. Jannadas M. Mahta (Bombay Central Division: Non-Muhammadan Rural): Sir, I find that this Demand does not merely cover payments to Indian States and Companies, but there are also net earnings

payable to worked lines and that amounts to Rs. 25,65,000. I would like to know from the Honourable the Mover of this motion what is the loss that we incur in paying this sum (Rs. 25,65,000) because we know that worked lines do not pay the actual cost of running them. Our agreements compel us to accept in many cases only 40 per cent. of the working expenses while we incur 65 to 68 per cent. So I want to know how much of this is a loss to the State in paying Rs. 25,65,000. The House should not pass the demand in ignorance before knowing what is the loss that they are incurring. That will show how rates and fares are kept high and why freights are high. Twenty-five lakhs is a burden which we should never have borne. So I want to know what is the loss?

Mr. T. S. Sankara Aiyer: Sir, there is no doubt that Government do incur losses in working these worked lines. I am not quite sure about the figure but, from a rough calculation made recently, I gathered that the total loss would be somewhere about Rs. 40 lakhs a year. But the point to be remembered here is that these payments are due under contracts entered into with the companies owning the lines. As a matter of fact, I have serious doubts as to whether this amount should be votable at all. These amounts are legally due under the contracts, and must be paid according to their terms. We recover a certain percentage of the gross earnings to cover our working expenses. It is a fact that these recoveries do not fully meet the working expenses actually incurred by the main lines, but still there we are; the contract terms are there, and we have to abide by them

Mr. Jamnadas M. Mehta: But what is the loss here?

Mr. T. S. Sankara Aiyer: I think I mentioned that, on a rough calculation, we found the total loss on all the worked lines to be somewhere about 40 lakhs a year; but we should remember here, Sir, that this does not take into account the extra additional earnings which we obtain on account of the interchange of traffic on the main lines.

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

"That a supplementary sum, not exceeding Rs. 43,65,000 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, 1942, in respect of 'Payments to Indian States and Companies'."

The motion was adopted.

DEMAND No. 6-A.—WORKING EXPENSES—MAINTENANCE OF STRUCTURAL WORKS.

Mr. T. S. Sankara Aiyer: Sir, I beg to move:

"That a supplementary sum, not exceeding Rs. 3,47,84,000 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, 1942, in respect of 'Working Expenses—Maintenance of Structural Works'."

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

"That a supplementary sum, not exceeding Rs. 3,47,84,000 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, 1942, in respect of 'Working Expenses—Maintenance of Structural Works'."

Maulvi Muhammad Abdul Ghani (Tirhut Division: Muhammanadan): Sir, these days we find that the various railway lines are being dismantled and I cannot see how there is an increase in the expenditure under this head. I hope the Honourable Member will throw some light on this, how the demand has exceeded the original budget.

Mr. Jamnadas M. Mehta: Sir, I wish to know under what authority this cost of ballast renewals has been charged to revenue. I do not find the exact figures of the amount that is being charged under this head. The policy in respect of these ballast renewals seems to be fluctuating according as opportunities for grasping more money from revenue occur. I do not think originally the ballast renewals were a charge on revenue; and as it is pointed out in this note itself on page 2, it was included in the budget for the current year under demand 12—may I know what is that demand?

Mr. T. S. Sankara Aiyer: Capital and Depreciation Fund expenditure.

Mr. Jamnadas M. Mehta: Demand 12 was for capital expenditure and depreciation expenditure, which shows that either you pay that amount from capital or from the Depreciation Fund. I have no objection. But having charged 100 per cent to depreciation renewal of this ballast to be charged to working expenses is indirectly to increase the Depreciation Fund contribution by a backdoor method. The net effect of this is that either capital expenditure escapes a just liability or your allocation to the Depreciation Fund is larger by the amount of these ballast renewals. May I know what is the exact amount of ballast renewals that is proposed to be taken under this

Mr. T. S. Sankara Aiyer: I will give my explanation later.

Mr. Jamnadas M. Mehta: What I mean to say is that in this way the revenues which the railways earn from the traveller and the merchant are being unnecessarily loaded on working expenses, and the rates and fares are kept high. This is not a charge on revenue, independent of depreciation expenses. If it is not depreciation, it may be capital. Therefore I oppose this.

The same kind of observations must be made with regard to one or two items which are mentioned in the note below,—relining of tunnels and rebuilding certain bridges. Here also the normal practice is, as I remember, that if you have to rebuild anything the depreciation that has already accumulated has to be spent and the rest is to be paid out of or charged to capital. Why the whole of this is being charged to working expenses also I do not understand.

Mr. T. S. Sankara Aiyer: What is the Honourable Member referring to now?

Mr. Jamnadas M. Mehta: Relining of tunnels and rebuilding certain bridges in the West of India Portuguese railway—No. D at the bottom of page 2. Repairs are a very legitimate charge on working expenses; but when you are substituting a new asset for an old one and if it is a more improved thing, a costlier asset, and the practice advocated by this House

is that whatever has accumulated in the Depreciation Fund on that account will be spent, and the rest will be charged to capital, not to revenue; because this is a double charge on the revenue which ought to be covered by Depreciation Fund. That is the one wrong thing that is running throughout the Railway Budget, but this is not the time for me to comment on the whole budget—I am merely pointing out these raids on railway revenue one after another and as I told you, it is time that the House awoke to the reality. Every year we talk of the inconvenience of the third class passengers and their difficulties and the higher charges; but when the time comes we allow these smuggled items into the expenditure side as working expenses, which in my humble opinion they themselves last year—it is admitted here so far as ballast renewals are concerned—and the year before

Mr. T. S. Sankara Aiyer: They were only postponed

Mr. Jamnadas M. Mehta: It was not a charge on the revenue—that is clear from your statement. Therefore, as soon as they find an opportunity—they know the house is not going into the supplementary demands so very carefully, and, therefore, they just quietly smuggle into them a few lakhs of working expenses. I implore the Railway Board that they should have some regard for those who pay for the running of the railways; and they should not charge this item to revenue under every guise and disguise. I hope that we shall make an example of this and express our disapproval of this kind of tactics. Sir, I oppose.

Mr. T. S. Sankara Aiyer: Sir, I will first deal with the point raised by our Honourable friend, Mr. Abdul Ghani. He wanted to know what reduction in the working expenses there would be on account of the dismantlement we have effected of certain lines. The total reduction in the working expenses will not be a very substantial figure—at any rate not so substantial as to affect the demand which is placed before the House now. The total will be somewhere about 12 lakhs a year. The Honourable Member does not realise

Maulvi Muhammad Abdul Ghani: On a point of personal explanation, Sir, I did not look at the cost of the working expenses regarding structural work. These days lines are being dismantled. I wanted to know from the Honourable Member how it is that the cost has been increased on structural work over the original budget.

Mr. T. S. Sankara Aiyer: Sir, the fact that some lines have been dismantled, does reduce the total expenditure, but the point
1 P.M. that I was making was that that the reduction has not a very substantial effect on our total expenditure. The total expenditure has gone up for the obvious fact that so much extra traffic has been carried and that our assets have suffered considerable deterioration . . .

Maulvi Muhammad Abdul Ghani: I want to know whether there have been any new structural lines or not.

Mr. T. S. Sankara Aiyer: No, new structural work does not come under this demand. This demand relates to working expenses. The new structural demand will come under Capital and Depreciation Fund.

[Mr. T. S. Sankara Aiyer.]

Now, coming to the point raised by my Honourable friend, Mr. Jamnadas Mehta, he first argued that the cost of ballast renewals should not be a debit to revenue at all. I would mention, for the information of the House, that, up to 1st April, 1924, when the Depreciation Fund was instituted and the new rules of allocation were introduced, the whole cost of ballast renewals was charged to revenue and not to capital. Subsequent to 1924, there was a change made in the allocation rules, and under those altered rules, some of the ballast renewals became chargeable to the Depreciation Fund; but even then, the practice on most of the railways was to charge most of the renewals to revenue, and not to the Depreciation Fund. In 1936-37, we made certain alterations again in our allocation rules along with the simplification of the method of contribution to the Depreciation Fund. When that alteration was made, it was ruled generally that all renewals, whatever the amount involved might be, and whatever the assets concerned might be, even parts of assets, and even what are called non-units, should be debited to the Depreciation Fund. It was found that the debits made in this manner to the Depreciation Fund were very considerable, and an investigation showed that a considerable sum which used in former years to be debited to revenue, was being debited to the Depreciation Fund, and in this manner the Depreciation Fund was being heavily depleted. We considered the matter very carefully in consultation with the Auditor General in India and with the Standing Finance Committee for Railways, and the matter also received, I think, the attention of the Public Accounts Committee. All agreed that the sound and proper course was to debit the cost of renewals to revenue. But, unfortunately, at that particular time, the financial position was not encouraging enough to carry out this change. The current year being obviously a propitious time to make the desirable change, we have, with the approval of the Standing Finance Committee for Railways, effected it now.

Mr. Jamnadas Mehta wanted to know the total amount involved. It is given in the Memorandum incorporated in the Proceedings of the Standing Finance Committee for Railways held on the 30th and the 31st January, page 70, and the amount involved is 41½ lakhs, and the grounds on which the change has been made have also been explained there . . .

Mr. Jamnadas M. Mehta: Was this alteration approved by the House?

Mr. T. S. Sankara Aiyer: It has been approved by the Standing Finance Committee for Railways and the Auditor General in India.

Mr. Jamnadas M. Mehta: The Depreciation Fund Rules were made with the approval of the House, and if you alter them, these alterations must also have the approval of the House.

Mr. T. S. Sankara Aiyer: No, the Depreciation Fund rules were not placed before the House.

Manvi Muhammad Abdul Ghani: May I know whether the Standing Finance Committee for Railways has a right to approve the change without the decision of the House?

Mr. T. S. Sankara Aiyer: It does not involve any alteration of the decision of the House.

Maulvi Muhammad Abdul Ghani: I submit that

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member has already had his say.

Mr. T. S. Sankara Aiyer: The Depreciation Fund Rules were never placed before the House. They did not receive the approval of this House

Mr. Jamnadas M. Mehta: Not by a Resolution, but after the separation it was with the consent of the House that the Depreciation Fund Rules were made, and, therefore, that arrangement must stand. I agree that no formal Resolution was moved.

Mr. T. S. Sankara Aiyer: Then my friend, Mr. Jamnadas Mehta, suggested that the repairs done to certain tunnels on the Madras and Southern Mahratta Railway should be charged to capital.

Mr. Jamnadas M. Mehta: No; not repairs, but renewals—to capital or depreciation.

Mr. T. S. Sankara Aiyer: This is a very strange proposal. In all my thirty years' experience as Accountant and Auditor, Sir, I have never seen repairs charged anywhere but to revenue. When the tunnel is renewed *in toto*, then the cost may be met from the Depreciation Fund; but when repairs have to be done from time to time to put the tunnel in working order, such as re-lining which is in question here, the expenditure must be debited to revenue.

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

"That a supplementary sum not exceeding Rs. 3,47,84,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st March, 1942, in respect of 'Working Expenses—Maintenance of Structural Works'."

The motion was adopted.

DEMAND No. 6-B:—WORKING EXPENSES—MAINTENANCE AND SUPPLY OF LOCOMOTIVE POWER.

Mr. T. S. Sankara Aiyer: Sir, I move:

"That a supplementary sum not exceeding Rs. 1,00,85,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st March, 1942, in respect of 'Working Expenses—Maintenance and Supply of Locomotive Power'."

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

"That a supplementary sum not exceeding Rs. 1,00,85,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st March, 1942, in respect of 'Working Expenses—Maintenance and Supply of Locomotive Power'."

Mr. Lalchand Navalrai (Sind: Non-Muhammedan Rural): Sir, I want to elicit some information regarding this item. This item is for the maintenance and supply of locomotive power, and then down below we find that additional provision has been made under freight on fuel, cost of coal, running staff and repairs to locomotives. I would like to know what kind of repairs were carried out to locomotives, whether the repairs were very heavy, or only ordinary repairs were made. I would also like to know another thing. At present no locomotives are built in India, and so I want to know how many locomotives there are in all in India, and whether they are all in such a condition that they can be run without any risk. I would like to know how much repairs have been done to these locomotives which are in India. That will give us an idea whether these locomotives are in such a condition as can be used without any hazard to the travelling public.

The Honourable Sir Andrew Clow (Member for Railways and Communications): Sir, I am afraid the only details I can supply the Honourable Member will be found at page 84 of the Proceedings of the Standing Finance Committee for Railways which gives the details of allocation of this grant. I was not very clear what he meant by raising the safety question. The danger from a locomotive does not increase with its age, in fact the older it is it tends to go a little slower. As to whether these locomotives can run with absolute safety—no moving vehicle runs with 100 per cent safety. But I can assure the Honourable Member that we are keeping strictly within what we believe to be the limits of safety so far as our locomotives are concerned.

Mr. Lalchand Navalrai: Will the Honourable Member give me an idea of the number of locomotives now working on the North Western Railway?

The Honourable Sir Andrew Clow: I remember roughly the broad gauge figure, I do not remember the metre gauge figure. The figures are given in the Annual Report on Indian Railways. The number of broad gauge locomotives is over 5,000.

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

“That a supplementary sum not exceeding Rs. 1,00,85,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st March, 1942, in respect of ‘Working Expenses—Maintenance and Supply of Locomotive Power.’”

The motion was adopted.

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

Mr. T. S. Sankara Aiyer: I beg to move:

“That a supplementary sum not exceeding Rs. 21,95,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st March, 1942, 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. 21,95,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st March, 1942, in respect of ‘Working Expenses—Expenses of General Departments.’”

The motion was adopted.

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

Mr. T. S. Sankara Aiyer: I beg to move :

“That a supplementary sum not exceeding Rs. 48,87,000, be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st March, 1942, in respect of ‘Working Expenses—Miscellaneous Expenses’.”

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

“That a supplementary sum not exceeding Rs. 48,87,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st March, 1942, in respect of ‘Working Expenses—Miscellaneous Expenses’.”

Maulvi Muhammad Abdul Ghani: I oppose the demand. There is a Railway Standing Finance Committee with a big show. That committee is appointed every year on a motion put forward by the Government of India. This Committee is treated as an authority. From the proceedings I find that the demand has been approved by a majority. I do not find in the proceedings, however, what the nature of the opposition was, what was the explanation given by the Department. There is a similar body, namely, the Public Accounts Committee, where the proceedings are drawn up and circulated to the members so that they can judge whether the explanations given by the Department were sound or not. I hope that in future the same procedure will be adopted in the case of the Standing Finance Committee's Proceedings also, as in the case of the Public Accounts Committee and the Military Accounts Committee, which are the two committees which deal with finances. I have thought it proper to raise this point on this Supplementary Demand. Here, too, no explanation is forthcoming. Such a big sum should not be allowed to come forward in this House in a Supplementary Demand. That should have come in the original Demand. Supplementary Demand is not meant for such big sums as 3 crores, 4 crores, 5 crores or one crore. No doubt, expenditure might have increased and for that Government would have to take shelter under the Supplementary Demand. But if they prepare the original budget with a little caution and care such a sort of thing would not arise.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member can continue his speech after Lunch.

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

The Assembly re-assembled after Lunch at Half Past Two of the Clock, Mr. Deputy President (Mr. Akhil Chandra Datta) in the Chair.

Maulvi Muhammad Abdul Ghani: Sir, I was submitting that the Railway Board generally comes forward with big amounts which have just

[Maulvi Muhammad Abdul Ghani.]

been passed and the demand under discussion is also a big amount, namely, 48 lakhs. The purpose of the supplementary demands is, in my opinion, ignored, and undue advantage is taken of these supplementary demands. Such a big amount should not come up before the House as a supplementary demand. We have just dealt with crores of rupees under one item of a supplementary demand. A supplementary demand is meant for smaller amounts, say, a few thousands of rupees. All such big amounts should come up before the House at the time of the general budget. I know that it will be urged on behalf of the Government that the necessity was felt later on after the budget had been presented, but the Department should be careful enough to scrutinise the budget and to frame it in such a way as to cover all their necessities. In any case, their necessities should not arise in such a way as to double the original budget. Last year, I remember, a similar supplementary demand was presented to the House and there was no necessity whatsoever for it. The money which was passed by the House was not spent because it was not required. Therefore, the present occasion is the proper time to sound a note of warning to the effect that in presenting the supplementary demands the Department should be very cautious. The Department will come forward with the plea that the demand was placed before the Standing Finance Committee and they approved of it. But the Standing Finance Committee, I find, while giving their approval, have written only this :

"A supplementary demand for Rs. for expenditure in 1941-42 was placed before the Standing Finance Committee. Page 150 of the proceedings of the Standing Finance Committee, Vol. XVIII, No. 5."

They do not say whether they criticised it or full particulars were placed before them. In paragraphs 7 and 8, they say :

"The budget estimate includes 7 lakhs for credits.

8. The approval of the committee is requested to :

- (i) a supplementary demand of Rs. 48,87,000 being placed before the Legislative Assembly for expenditure under this head for 1941-42, and
- (ii) a demand of Rs. 4,83,62,000 being placed before the Legislative Assembly for expenditure under this head for 1942-43."

Mr. T. S. Sankara Aiyer: Please read paragraph 4 on page 149.

Maulvi Muhammad Abdul Ghani: Our attention has been drawn only to page 150. So I have to look first to that page which has been referred to by the Department in presenting the supplementary demand. It is only now that the Honourable Member has drawn my attention to page 149. It is difficult for me to make up my mind and go through that page which has been referred to just now. They should be cautious enough to invite our attention to the right page when dealing with things like these. Instead of giving a wrong page of reference, they should have given the very page to which this particular item of 48 lakhs odd refers.

We are not against sanctioning any demand which comes before us in the shape of a supplementary demand, but we are only afraid that the various administrations are not cautious enough of their requirements while presenting their original budgets.

The Honourable Mr. M. S. Aney (Leader of the House): We cannot hear you at this end.

Maulvi Muhammad Abdul Ghani: I have always said in this House that the Railways are a losing concern and therefore there is no necessity for the Treasury Benches to hear any opinion which may sound bitter to them, because mine is an expression of opinion against the authority which is always for extravagance.

Mr. Deputy President (Mr. Akhil Chandra Datta): Even the Treasury Benches are entitled to hear what you say.

Maulvi Muhammad Abdul Ghani: They are never willing to hear us, because they have no value for the money. They only know how to tax the people irrespective of the fact whether the people are in a capacity to bear it or not. So, how can they be in a mood to listen to the criticism of the tax-payer. However, I have done my duty and I oppose the demand.

The Honourable Sir Andrew Clow: Sir, in those portions of his speech which the Honourable Member who has just sat down allowed me to hear, I gathered that he was referring to the Procedure of the Standing Finance Committee in the first instance. I would suggest to you, Sir, that those remarks were hardly relevant to the motion before the House and I do not propose to follow him in that field. I would merely observe that, so far as I understood him, his proposals were that the proceedings should be printed at some length. In war time that would lead to a considerable expenditure of paper, which is at present a difficulty. And it seemed perfectly clear from the latter part of his speech that even the short account of the proceedings he has not studied, because reference is given to page 150 which embodies the conclusions reached by the Committee, at the end of brief memorandum occupying pages 149-150. But apparently he did not look over the page which gives details.

The main point which he seemed to be making in the latter part of his speech was that we should not come for Supplementary Demands, that we should put all we want in the original Budget. Unexpected requirements are bound to arise. You cannot go on, after the traffic increases at the unexpected rate which it has done in the last year, without expecting some increase in expenditure also. If we were to adopt his suggestion and fix our budget figures so high as to avoid all danger of Supplementary Demand, we should obviously be giving the House figures up to which we do not expect to work. If we had to ensure against any additional demand coming in, we should have to soak the budget, so to speak, by putting our figures higher than the amount which we expect to spend. If my Honourable friend were to look at the Memorandum put up to the Standing Finance Committee, he would find that a very large element in this Grant is 'air raid precautions' and at the time of framing the Budget for 1941-42, that is, the current year's Budget, I think very few Members in this House expected that air raids would have the importance they have assumed for us today. The other main element consists in allowances to the staff in such form as dearness allowances and gratuities. I hope that my Honourable friend is not opposed to that grant.

Mr. Deputy President (Mr. Akhil Chandra Datta): The question is :

"That a supplementary sum not exceeding Rs. 48,87,000, be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st March, 1942, in respect of 'Working Expenses—Miscellaneous Expenses'."

The motion was adopted.

DEMAND NO. 8—INTEREST CHARGES.

Mr. T. S. Sankara Aiyer: Sir, I move :

"That a supplementary sum not exceeding Rs. 1,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st March, 1942, in respect of 'Interest charges'."

Mr. Deputy President (Mr. Akhil Chandra Datta): The question is :

"That a supplementary sum not exceeding Rs. 1,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st March, 1942, in respect of 'Interest charges'."

The motion was adopted.

DEMAND NO. 9-A—REPAYMENT TO DEPRECIATION RESERVE FUND.

Mr. T. S. Sankara Aiyer: Sir, I move :

"That a supplementary sum not exceeding Rs. 7,07,60,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st March, 1942, in respect of 'Re-payment to Depreciation Reserve Fund'."

Mr. Deputy President (Mr. Akhil Chandra Datta): Motion moved :

"That a supplementary sum not exceeding Rs. 7,07,60,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st March, 1942, in respect of 'Re-payment to Depreciation Reserve Fund'."

Mr. Jamnadas M. Mehta: Sir, I rise to oppose this Demand. I hope, that thin as the House is, it will remember that it is the watchdog of the interests of the masses, particularly of the third class passengers and of the workers in Indian railways. During the discussion of the Railway Budget, I have stated in how many ways the railway authorities commit deprecations on the revenue and thereby conceal the heaviness of the burden on their customers. This is one more instance. Only in 1937, the Honourable Sir Muhammed Zafrullah Khan in his Budget speech on the railways expressed that it was the policy of the Government not to claim from Railway revenues the repayment of the so-called debt to the Depreciation Fund. His observations will be found on page 807, Vol. I (1937)—Assembly Debates. There he definitely stated that the Government proposed not to claim this money and that they would move a proposition to that effect in the course of the year. I will read out one or two sentences from that speech :

"Even if we assume that from the next year railways would begin to earn surpluses, existing liabilities will not be completely discharged for many years and meanwhile further liabilities in respect of contributions to general revenues will continue to accumulate. It will thus be impossible for railways to resume current contributions to general revenues within any reasonable period that can be foreseen. The wisest plan in the circumstances appears to be to write off all these liabilities and to start the next year on the basis of a clean slate so far as these liabilities are concerned. It might be urged that the adoption of this course would result in depleting the Depreciation Fund to an unduly low figure. An objection of this kind would have some theoretical validity but I do not think we would be incurring any undue risk in adopting the course that I have suggested. The actual balance in the Depreciation Fund at the end of 1936-37 is expected to be in the neighbourhood of 14 crores, excluding the

share of the Burma railways, and, so far as we can foresee at present, current contributions to the Fund would be more than sufficient to provide for all our ordinary needs. The opening balance in 1937-38 may be safely regarded as sufficient to provide for all emergencies that we can at present foresee.

So, Sir, when the Depreciation Fund was at 14 crores, this was the opinion of the Government of India that there was no risk in foregoing this so-called arrears and that they should be written off the books. Now, our Depreciation Fund is considerably larger and yet the policy of the Government has altered in six years time. The House at that time passed a Resolution declaring a moratorium for two or three years and then do the needful. Now, that period has very nearly come to an end and at that time the Government perform a complete *volte face* and instead of writing off, the whole of the so-called debt they have come forward to claim it. You cannot trust the word of the Government for a single minute. They elude you unless you are careful. Here is their plighted word that they do not need the repayment, that it was safe to write off. If Rs. 14 crores were only what they had then got, I say they have got many times 14 crores to-day in the Depreciation Fund, and it is altogether unnecessary to repay the so-called loan to the Depreciation Fund. I tell you, why. What would have happened if this seven crores would have remained in the Railway revenues? You could have reduced third class fares, you would not have been able to prove any necessity for raising the rates and fares. You could have safely given 72 lakhs for extending Provident Fund contribution benefits to the workers. You could have given them more dearness allowance than you have given,—15 per cent. against a rise in the cost of living by 30 per cent. But if they show these surpluses they cannot explain why they do not give it. Therefore, they conceal and change their rules, adopt one policy one day and another policy another day. But all roads lead to Rome, namely, to conceal money. This kind of policy the House must absolutely dissociate itself with, and if you are the guardians of the interests of the third-class passengers and of the workers, you should refuse to make this grant and compel them to forego the increases that they have made in the rates and fares, compel them to give more dearness allowance to the workers, reduce the rates and fares.

The alternative to the House is this that once you adopt this the opportunity will be gone. Fourteen crores were considered by the Government of India's representative who sat in the place of Sir Andrew Clow only five or six years ago. And here I must point out that my Honourable friend, Mr. Aiyer, was not right in saying that I objected to the cost of renewals being charged to working expenses. He evidently overlooked No. 3, on page 8,—Relining and Rebuilding certain projects. When you rebuild a bridge you give the Depreciation Fund a debit, and if the new bridge is an improvement, cost goes to capital. Never have I heard that you should make a second charge to revenue for an asset whose cost is collected already in the Depreciation Fund. Every year you are providing Depreciation Fund for these bridges from 1924 to this day. Where is that money? What is the depreciation you have laid aside for these tunnels and bridges? When you rebuild them why cannot you use that money and why should you again try to raid revenue in order to conceal your bloated surpluses?

Therefore, Sir, I cannot agree that Government are doing right by their own customers. They are trying to kill the goose that lays the golden eggs. They are pursuing a wrong financial policy which of course I cannot discuss here. But this amount of seven crores and seven lakhs is

[Mr. Jamnadas M. Mehta.]

wholly unnecessary. It is against the declared intentions of Government themselves. It is a wrong thing to charge double depreciation for relining the tunnels and rebuilding of bridges the cost of which is already collected in the Depreciation Fund. Therefore, this demand for repayment to the depreciation is not necessary. If you refuse it you will be helping the third-class passengers, you will be helping the workers, you will be exposing the drain on revenue which seems to be the policy. I record my entire opposition to this because you take away out of the workers what is due to them, you take more from the third-class passengers which is not due to you according to the cost of transport. And you conceal this in various ways and thereby do not allow the public to enjoy the benefits of reduced rates and fares. It is said in the Acworth Committee's Report that the surpluses of the railways should among other things be used for reducing rates and fares. Let them read the Acworth Committee's Report. Here is a surplus which is unnecessary. It is a double charge to revenue for depreciation. It is a recantation of the policy of Government declared six years ago. It is unfair to every interest. Sir, I oppose.

Mr. T. S. Sankara Aiyar: Sir, I will restrict myself to the question raised by my Honourable friend, Mr. Jamnadas Mehta, the question, namely, of the adequacy, or excessiveness, of the present rate of contribution to the Depreciation Fund and the present level of balance in that fund. As I began to explain the other day, Sir, when the guillotine was applied, a wrong impression prevails in certain quarters that the rate of contribution and the balance are excessive.

To begin with, the principle on which we determine the yearly contribution to the Depreciation Fund, the principle with which we started in April, 1924, and which has not been abandoned yet and still holds good, is the principle that, during the life of an asset which has come into existence, we should, by equal yearly payments into the fund, build up a sum which, on the expiry of the life of the asset, will be equivalent to the original cost of the asset. That is to say, when the asset becomes dead, so to say, and has to be replaced, you should have in the fund a sum equal to the total original cost, though, generally, the amount which you actually want then is something more. This principle must be accepted as sound by any judicious critic. The railway depreciation reserve fund has been built up on this principle, and a fund, which has been built up on this sound principle, can never be deemed excessive. If it is found excessive at all, it must be due to the fact that the normal lives fixed for the various assets were perhaps fixed at a lower figure than they ought to be. That is a separate question and would require investigation, if necessary. But, even in this respect, a rough investigation made in the Railway Board's office at my instance very recently disclosed that no substantial change would seem called for in the normal lives already fixed. The simple formula of 1-60th of the capital at charge, which was adopted on the suggestion of the late Sir Raghavendra Rau in 1936-37, was only with a view to achieving simplicity. It was intended to replace the old method, and it was intended to have the same effect as the old method. Thus, Sir, the rate of contribution to the Depreciation Fund is based on quite a sound principle, and the contribution thus made cannot be considered excessive.

There are, further, Sir, three important considerations which will show that neither the rates of contribution, nor the balance in the fund, can be

deemed excessive. The first and foremost consideration is this. When we started the Depreciation Fund on 1st April, 1924, we did not start with any arrear contribution; that is, no contribution was made to the fund on account of the deterioration which must have already occurred to a considerable extent in all the assets which were in existence on that date. We started on a blank sheet. We began to contribute to the Fund only from 1st April, 1924, say, roughly at 1-60th of the capital at charge. So, at the end of the first year, we had only the contribution which covered the deterioration that could be deemed to have occurred in that year and soon, for subsequent years. It is evident then that the balance in the Fund can never be adequate to meet all the depreciation that has occurred throughout the past. An investigation was made by me recently in this matter and it disclosed the most interesting and illuminating fact that, in the 17 years from 1924-25 to 1940-41, we had actually incurred 140 crores of rupees of expenditure on renewals and replacements of assets, which were in existence on 1st April, 1924, while, against this huge sum, we had contributed to the Fund only about 45 crores. We have thus overdrawn the Depreciation Fund account to the extent of about 100 crores. We have been bartering away the future, so to say, and drawing heavily on the provision for future requirements.

The second consideration, Sir, is this. We calculate the contribution to the Depreciation Fund only on the original cost of the asset, but what happens ordinarily is that, when the renewals actually take place, the renewals have to be done at a higher price level than that at which it was originally constructed. The cost of renewal turns out to be more than the original cost. But still the whole of the cost of renewal is debited to the Depreciation Fund. Where is that extra money to come from? In that respect we must consider the Depreciation Fund insufficient.

Then, Sir, there is a third consideration. We do not make any provision under the existing system for what is called obsolescence. 3 P. M. Certain assets become obsolete to replace before their lives expire. We cannot use them any longer and have them before they fall due for replacement. Apart from any other consideration, Sir, these three considerations, by themselves, would prove indubitably that the balances at the credit of the Depreciation Fund, if anything are inadequate and not excessive.

Well, Sir, our Honourable friend, Mr. Jamnadas Mehta, apparently belongs to a class of what shall I say—business-managers who believe in crediting all the receipts and earnings to revenue and debiting all expenditure to capital, or depreciation fund. I can only say, Sir, if a concern is started on that principle, I am afraid I should be the last person to join it, and I can assure my Honourable friend that even those who join will walk out with bags of money after two or three years, leaving ruin behind for posterity.

Mr. Jamnadas M. Mehta: Very clever of you.

Mr. T. S. Sankara Aiyer: Sir, it is a folly, it is unwise, to avoid debiting to revenue the expenditure which is legitimately chargeable to it, and it is equally unwise to draw upon the depreciation fund for purposes for which it is not intended and for which there is no provision in it. On these considerations, Government is now convinced that neither the yearly contribution to the Depreciation Fund, nor the present balance in the Fund can be deemed excessive.

Maulvi Muhammad Abdul Ghani: Sir, my Honourable friend, Mr. Jamnadas Mehta, has very rightly pointed out that the Government of India had already foregone their rights of taking any amount which accrued against the Depreciation Fund. He pointed out that there is no necessity to put back this grant into the Depreciation Fund. My Honourable friend who has just spoken said

Mr. Deputy President (Mr. Akhil Chandra Datta): The Honourable Member must be very brief because the Mover of the motion has already replied to the debate.

Maulvi Muhammad Abdul Ghani: Sir, I will be very brief. The Government should have been cautious enough not to forego that legitimate right. They have already foregone that right and after foregoing that right they cannot raise this question of legitimacy of rights. So, this grant should not be put back into the Depreciation Fund.

The Honourable Sir Andrew Clow: Sir, I would just like to say a few words. I think some arguments were used by Mr. Jamnadas Mehta which implied that Government in some mysterious way had gone back on their word, which was distinctly misleading. Sir Muhammad Zafrullah Khan was considering a proposal which did not prove acceptable to the House but which would have made the whole position of the Railways entirely different. It was that their whole debt—not merely to the Depreciation Reserve Fund, but also to general revenues—should be wiped out, and that they should start with a clean slate, and that would have put the Railways in an entirely different position.

Further, he was speaking when the facts were entirely different from what they are now, when he said that there seems to be no prospect of Railways ever being able to repay this debt. Now, we find ourselves in an entirely different position and it would be a very unstatesmanlike attitude to repeat in entirely different circumstances statements that had been made five or six years ago. We have to face facts as they confront us. He went on to suggest that in some mysterious way we will be benefiting the third class passengers by rejecting the motion. I think he failed to realize that the change which we are proposing here is not to transfer this money from revenue to depreciation but to transfer it from one reserve to another—from the ordinary railway reserve, which was our original intention, to the depreciation reserve—and that step has been taken because of the reasons so lucidly explained by my Honourable friend, the Financial Commissioner, that the Depreciation Fund has an inadequate amount at its disposal.

Further, my Honourable friend said that we were killing the goose that lays the golden eggs. In view of what he has said it is he who wants to do that because he wants me to take the money out which should be in the Depreciation Fund and to spend it on giving the passengers of today extra benefits and landing the passengers of tomorrow with a bankrupt system.

Sir F. E. James (Madras: European): That would be killing the gander!

The Honourable Sir Andrew Clow: I was staggered to hear him quote the Ackworth Report in his support. If there was one point they stressed

it was that the hand to mouth policy which the Railways pursued in the last war was suicidal and should not be followed.

I would appeal to the House that if you are going to borrow money from the Fund and not repay when opportunity offers, you are doing something most dangerous. The robbing of this fund was a most regrettable necessity, and now that we are in a position to put back the money that was robbed we should certainly take the opportunity to do so.

Mr. Deputy President (Mr. Akhil Chandra Datta): The question is:

"That a supplementary sum not exceeding Rs. 7,07,60,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st March, 1942, in respect of 'Re-payment to Depreciation Reserve Fund'."

The motion was adopted.

The Assembly then adjourned till Eleven of the Clock on Friday, 6th March, 1942.