

*Tuesday,  
9th March, 1915*

ABSTRACT OF THE PROCEEDINGS  
OF THE  
Council of the Governor General of India,  
  
**LAWS AND REGULATIONS**

**Vol. LIII**

**April 1914 - March 1915**

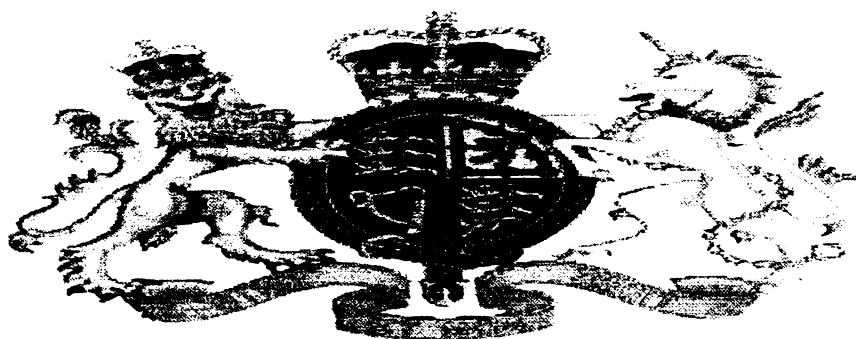
**ABSTRACT OF THE PROCEEDINGS**  
**OF**  
**THE COUNCIL OF THE GOVERNOR GENERAL OF INDIA**

**ASSEMBLED FOR THE PURPOSE OF MAKING**

**LAWS AND REGULATIONS**

**1915**

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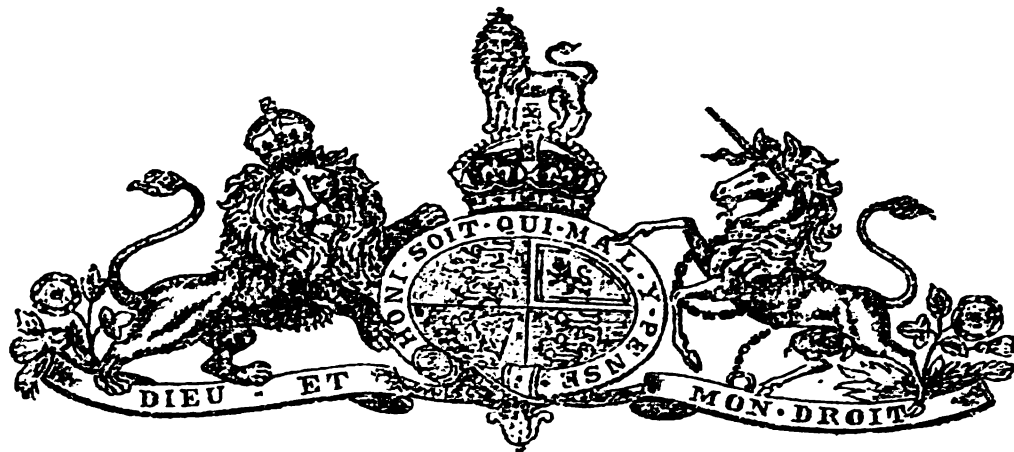


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**1915**



GOVERNMENT OF INDIA.  
LEGISLATIVE DEPARTMENT.

PROCEEDINGS OF THE COUNCIL OF THE GOVERNOR GENERAL OF INDIA  
ASSEMBLED FOR THE PURPOSE OF MAKING LAWS AND REGULATIONS  
UNDER THE PROVISIONS OF THE INDIAN COUNCILS ACTS, 1861 to 1909  
(24 & 25 Vict., c. 67, 55 & 56 Vict., c. 14, AND 9 Edw. VII, c. 4).

The Council met at the Council Chamber, Imperial Secretariat, Delhi, on  
Tuesday, the 9th March, 1915.

PRESENT :

The Hon'ble SIR HARCOURT BUTLER, K.C.S.I., C.I.E., Vice-President, *presiding*,  
and 50 Members, of whom 43 were Additional Members.

**FINANCIAL STATEMENT.**

SECOND STAGE.

**The Hon'ble Sir Robert Carlyle** opened the second stage of  
the discussion on, and introduced the following heads of, the Financial State-  
ment for 1915-16:—

<i>Revenue.</i>	<i>Expenditure.</i>
Land Revenue.	Land Revenue.
Provincial Rates.	Provincial Rates.
Forest.	Forests.
Scientific and other Minor Departments.	Scientific and other Minor Departments.
Irrigation.	Famine Relief.
Civil Works.	Protective Works, Irrigation.
	Irrigation.
	Civil Works.
	Capital outlay on Irrigation.

He said:—"I rise to introduce the heads of the Financial Statement of  
1915-16 standing against my name.

[ *Sir Robert Carlyle.* ]

[ 5TH MARCH, 1915. ]

"I have nothing to add to what has been said in the memorandum regarding the Land Revenue and Provincial Rates heads.

"Our Forest revenue has suffered from the War and on the expenditure side also the amounts provided have in several provinces had to be curtailed on this account. But the aggregate grant, though lower than this year's budget figure, is higher than in any previous year, while the surplus, if less than a million sterling which was reached in 1912-13 and 1913-14, is expected to exceed that of the current year and is taken at the substantial figure of 124 lakhs.

"But although purely from the revenue point of view, our Forest property is of great and increasing value and although, with the development of Forest industries and the exploitation of our reserves, we may look forward with confidence to an increased income; the commercial is not the only object in view. We have also to conserve and improve the forests.

"I do not propose on this occasion to describe what is being done both on the commercial and on the sylvicultural side, as we hope this year to publish a quinquennial review of our forest administration and in this the policy which we are following will be fully set out.

"Hon'ble Members may have noticed a new feature in the form of the budget. Agriculture, I am glad to say, is no longer treated as a minor department but has been given the dignity of major heads of its own and these heads include receipts and expenditure under agriculture, veterinary and co-operation. In this way it will be possible to tell without difficulty what is being spent on the improvement of agriculture and allied objects. Next year's grant of 91 lakhs will be nearly half as much again as the expenditure four years ago and it is gratifying that at a time like the present many of the Provinces have found it possible to increase their expenditure under this head. Both at the Imperial Research Institute at Pusa and in the various Provincial Departments of Agriculture, the work of improving Indian agriculture is being steadily carried out on scientific lines—a work which has already borne fruit. Here, too, I do not propose to describe what is being done as we are preparing and will shortly publish an historical account of the work of the Agricultural Department in India.

"On the veterinary side also admirable work is being done and I cannot allow this opportunity to pass without referring to the sudden death of Colonel Holmes, the Imperial Bacteriologist. To his brilliant research work and his capable administration of the Imperial Laboratory at Muktesar we owe a great advancement in the treatment of cattle diseases in India and by his death the Department has sustained a serious loss.

"Under the other heads which concern the Revenue Department I have nothing to add to the remarks contained in the memorandum.

"Turning to the working of the Department of Public Works, our splendid productive system, after meeting all charges for maintenance and repairs, and for interest, has returned a net profit amounting to 292 lakhs of rupees during 1914-15 exceeding the forecast by 21 lakhs. We anticipate for 1915-16 a net profit of about the same amount as realized in the current year.

"The total provision in the revised and budget estimates respectively for new major works, both productive and protective, is 260.4 lakhs for the current year, and 239.1 lakhs for 1915-16. The latter will be the third year in succession in which there has been a diminution of capital outlay on major works as a whole. The reason is the same I gave last year, namely, that while the great triple canal project in the Punjab is rapidly approaching completion and therefore absorbing a considerably smaller amount of funds than formerly, no new project of anything approaching the same importance has yet been sanctioned to take its place in the construction programme. A number of projects of the

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[ *Sir Robert Carlyle.* ]

first magnitude have been, or are at present in course of investigation ; but for one reason or another they cannot yet be advanced for sanction. As the Council is aware, the Secretary of State decided last year to withhold sanction to the great Sukkur Barrage and Rohri project as designed. In the United Provinces another large project—the Sarda-Ganges-Jumna Feeder—has been delayed in consequence of the decision of the Local Government to revise it. The Cauvery Reservoir project, in Madras is necessarily held up pending the final orders of the Government of India on the award of the arbitrator who was appointed to pronounce upon the dispute between the Governments of Madras and Mysore respecting the division of the waters of the Cauvery river. The orders of the Government of India have been held over pending receipt of a representation which the Madras Government propose to make in the matter. The Kistna dam scheme in Madras, and the Sutlej scheme in the Punjab are under investigation. During the current year a scheme for the construction of a large protective work in the Bombay Presidency, known as the Gokak Canal extension project, was submitted to the Secretary of State, whose orders are awaited. The estimate for this work amounts to 197 lakhs.

“The outlay on protective works has increased of recent years. The amount spent in 1912-13 was 63·98 lakhs and rose to 86·27 lakhs the year following. This includes about 11 lakhs from the general reserves of Government over and above Rs. 75 lakhs chargeable to the Famine Insurance grant. The revised estimate of the current year places the outlay at 85·24 lakhs and we are budgeting for 75 lakhs for next year as we cannot in a year seriously affected by war ask for any grant from loan funds beyond what is chargeable to Famine Relief Insurance.

“It may be of interest to compare the expenditure that has been incurred on capital works since the Irrigation Commission's Report was published with the programme of outlay recommended by that body. If a reference be made to paragraphs 123 and 139 of Volume I of the Report in question it will be seen that the Commission advocated the expenditure on productive and protective works of 44 crores in a cycle of 20 years, or an average of 220 lakhs per annum. During the ten years that have since elapsed, that is to say, in the period 1905-06 to 1914-15, we have spent 1625 and 633 lakhs, respectively, on productive and protective works ; or 2258 lakhs in all. This gives an average annual expenditure of nearly 226 lakhs or about 6 lakhs beyond the rate of expenditure contemplated in the Report of the Commission. The expenditure during the last six years is still more largely in excess of the average annual expenditure recommended by the Commission.

“As regards Civil Works, I have nothing to add to what is stated in the Financial Statement regarding capital expenditure on the New Capital. So far as expenditure from Revenue is concerned, the total grant provided next year is 100 lakhs, that is, 19·50 lakhs less than the Budget grant for 1914-15. This reduction has been found necessary owing to the curtailment, generally, of ordinary administrative expenditure consequent on the war. The grant of 100 lakhs includes, (a) a reserve provision of 1·28 lakhs for Archæological works, inclusive of ·25 lakhs to be allotted to meet lapses from the grant of 1914-15 ; (b) 11·30 lakhs for the Delhi Province, ordinary ; and (c) Rs. 3·18 lakhs payments in England on account of stores, furlough allowances, etc.

“Of the provision made in 1915-16, Rs. 36·46 lakhs represents the amount it is proposed to spend on Major Original Works, excluding Rs. 3·28 lakhs provided for Delhi Province, to meet the requirements of the Customs, Currency, the Post Office and Telegraph and other Departments. I would again draw attention to the fact that the Public Works Department is practically in the position of an Agent for other Departments, and that the provision made depends on the demands put forward by them. The provision for repairs, excluding Delhi Province, has been slightly reduced to Rs. 20·96 lakhs on account of the reduction made in the total grant.”

[Pandit Madan Mohan Malaviya.] [9TH MARCH, 1915.]

## RESOLUTION RE INCREASED GRANT FOR IRRIGATION.

**The Hon'ble Pandit Madan Mohan Malaviya:—**"Sir, I beg to move that—

'This Council recommend that the Budget allotment for productive irrigation works be increased by 15 lakhs of rupees.'

"It is hardly necessary—or rather, it should hardly be necessary, for me to draw the attention of the Council to the importance of irrigation works. The Government have acknowledged it and they have followed a systematic policy of developing irrigation, which has led to the most beneficial results for which the country is grateful to the Government. But, Sir, there has been a feeling for a long time that the amount that should be spent on irrigation is not being spent, and more than once the attention of the Government has been drawn in this very Council during the last few years to the need for spending more on irrigation. The position at present is this. The last Irrigation Commission recommended that practically the whole amount of the Famine Insurance grant should be devoted to irrigation *minus* such sum as may be needed for the actual relief of famine when it should occur; but we find that even that figure has not been kept up to. The statement before the Council shows that in 1913-14 the amount spent was Rs. 1,92,33,927. In the budget for last year Rs. 1,80,00,000 was provided; the revised estimates show that Rs. 1,74,96,000 was spent; and in the budget for the coming year only Rs. 1,65,00,000 is provided; that is, that while even last year the budget provided for £1,200,000, or Rs. 1,80,00,000, this year it has been reduced by a further £100,000 or 15 lakhs of rupees. In view of the repeated demands that have been made for an increase in the grant for irrigation, this seems to me to be very unsatisfactory.

"Now, Sir, if it were that irrigation did not bring in sufficient receipts one could understand the unwillingness of Government to spend more on irrigation; but a glance at the figures given in this very statement would show that this is not so. By comparing the receipts from irrigation with those from railways, we get some very instructive figures. Railways for instance in 1911-12 brought in a net profit of 1.14. In the same year irrigation gave us 4.70. In 1912-13, the net profit from railways was 1.41. In the same year irrigation gave us 5.40. In 1913-14 railways returned 1.36, irrigation 5.87. In 1914-15, as the Hon'ble the Finance Member has explained, according to the revised estimates, railways will bring us only .53, whereas irrigation gives us 5.44. In the budget before us the net profit from railways is shown as .32: in the same year irrigation is shown as likely to yield 5.30.

"It seems, then, that as irrigation is ever so much more profitable and as it is so much more beneficial in many other respects, the Government ought to explain to the Council and to the country why it is that it is not able to provide for the amount recommended even by the Famine Commission; and if there are any temporary causes which stand in the way, it ought to take steps to remove those causes, so that at the very least the carrying out of irrigation works to the extent of the Famine Insurance grant should be provided for in every year's budget. In March, 1912, my friend the Hon'ble Mr. Mudholkar urged that the allotment for protective irrigation works should be increased by 50 lakhs. In the course of that debate the Hon'ble Sir Robert Carlyle said: 'I would ask the Council to accept my assurance that while the Government must oppose the resolution, they fully appreciate the importance of the matter, and so long as I fill my present post, I will not relax my efforts to develop irrigation whether protective or productive.'

"The diminishing figures provided every year for irrigation would lead one to think that if there has been no relaxation of effort on the part of the Hon'ble Member, there has not been that keenness which we desire to see to provide for that amount which should be provided for irrigation. I therefore commend this resolution to the consideration of the Government, and I hope that they

[9TH MARCH, 1915.] [*Pandit Madan Mohan Malaviya; Sir Robert Carlyle; The Vice-President.*]

will be able to add at least £100,000, which has been cut down from last year's Budget, to the allotment for irrigation."

**The Hon'ble Sir Robert Carlyle** :—" Sir, I must begin by explaining that my Hon'ble friend is under a misapprehension as to the recommendations of the Irrigation Commission. The recommendation was not that 220 lakhs should be spent on productive works alone, but on irrigation works of all kinds, and we fully acted up to their recommendations under this head, as I have already mentioned."

**The Hon'ble Pandit Madan Mohan Malaviya** :—" May I inquire, Sir, where this is shown in the statement ? "

**The Hon'ble Sir Robert Carlyle** :—" It is shown under various heads, not all under one head. I will show them to the Hon'ble Member after the debate."

**The Hon'ble Pandit Madan Mohan Malaviya** :—" I would suggest that— "

**The Hon'ble the Vice-President** :—" Order ! Order ! "

**The Hon'ble Pandit Madan Mohan Malaviya** :—" May I explain— "

**The Hon'ble the Vice-President** :—" There is no question of explanation; the Hon'ble Member has said that he would explain it later; the matter is therefore disposed of. The Hon'ble Member can reply."

**The Hon'ble Pandit Madan Mohan Malaviya** :—" I was going to make a suggestion, if I may with your permission, Sir, that it would save the time of the Council if the allotments for irrigation were all shown in one place; it might then not have been necessary for me to bring up the resolution."

**The Hon'ble Sir Robert Carlyle** :—" I will consider that suggestion with regard to the next year's budget and will lay on the table at another meeting a statement showing the year's figures. While I welcome the resolution now before us as an indication of the interest taken by the Council in a matter of vital importance to the welfare of India, I cannot accept the additional sum it is proposed to grant as we have already provided in the Budget for the full amount we believe we can spend. We have met the demand of all Local Governments in full; in fact in some cases we have allotted somewhat more than we were asked for. Over and above this we have kept an unallotted sum of 10 lakhs on our hands as a reserve. The only effect of increasing the grant would be a lapse at the end of the year. There are very great difficulties in preparing large irrigation schemes. It is very disappointing, for example, that we are unable to commence work on the Sind scheme which took so many years to prepare. Some of our most distinguished irrigation engineers took part in the preparation and examination of the scheme, and the fact that it has failed to pass the scrutiny of the Secretary of State shows how difficult it is to prepare a completely satisfactory scheme when some of the conditions are unfavourable. I have already to-day, when introducing the budget heads with which my department is concerned, mentioned the unavoidable delays that have occurred in the case of other important projects. While I regret that in 1915-16 we cannot spend more on productive works, I foresee much larger expenditure in future, when the great works still under consideration have been put in hand. Independently of these large projects, other measures, involving heavy expenditure, are very likely to materialise in the near future. Experiments are going on regarding the water-proofing of channels, which, if successful, will lead to a considerable economy of water and enable us to extend largely the scope of our irrigation works. I can assure the Hon'ble Pandit Madan Mohan Malaviya that I have done all in my power to spend the largest sum possible on productive irrigation works. In these circumstances the Hon'ble Member may see fit to withdraw the resolution, as we could not spend the money if it were given to us."

392 RESOLUTION *RE* INCREASED GRANT FOR IRRIGATION;  
FINANCIAL STATEMENT.

[ *Pandit Madan Mohan Malaviya*; *Mr. Porter*; *Mr. Sharp*; *Mr. Clark*. ] [ 9TH MARCH, 1915. ]

**The Hon'ble Pandit Madan Mohan Malaviya** :—“ While I thank the Hon'ble Member for the explanation that he has given and the assurance that all that could be spent is being spent, I think, Sir, it is still my duty to request the Government to see if more money cannot be spent than is being spent on irrigation. We find that so far as railways are concerned, there is no lack of demand for increasing expenditure on railways; any amount of money that can be secured is, as a rule, utilized during the year. I think, Sir, that if the Department will devote closer attention to finding out whether more money could be spent on irrigation, probably the Hon'ble Member would be able to ask the Council for a larger grant than he has done to-day. I do not think it necessary to press the resolution to a division, but I hope the matter will be borne in mind when the next Budget is prepared.”

The resolution was put and rejected. \*

**FINANCIAL STATEMENT.**

SECOND STAGE.

**The Hon'ble Mr. Porter** :—“ Sir, I beg to introduce the following head of the Financial Statement :—

‘ Medical (Sanitation). ’

“ As regards Sanitation there is nothing to add to the information contained in paragraphs 105, 106, 109 and 224 of the Statement of the Hon'ble the Finance Member. No fresh grants for Sanitation are being made. The grant of 5 lakhs per annum to the Indian Research Fund continues, and during the year a sum of Rs. 4,42,000 has been expended by the Governing Body on the various inquiries in progress, and on anti-malarial projects.”

**The Hon'ble Mr. Sharp** :—“ Sir, I beg to introduce the head ‘ Education.’ It is usual on these occasions to lay on the table statements shewing the distribution of grants during the forthcoming year, principal developments in the past year and figures of progress. This year no statement of new grants is possible because there are no new grants to distribute. It is at least satisfactory that, in a period of stress and strain, so far from any curtailment of our educational expenditure, the total budget estimate for all India in 1915-16 exceeds the revised estimate of 1914-15 by 15 lakhs of rupees. As for progress, it has been thought that the time has come when the general interest evinced in education both by members of the Council and by the public, will best be met by the publication of a short annual report. It is hoped to lay such a report on the table before the session closes. If this cannot be done, it will at least be ready next month.

“ It is here necessary only to add that during the past two years the effect of our grants has been visible in statistics. Between March, 1912, and March, 1914, the number of those at school has advanced by 737,426 and expenditure has risen by about 216½ lakhs. The details of improvement will be found in the forthcoming report.”

**The Hon'ble Mr. Clark** introduced the following heads of the Financial Statement for 1915-1916 :—

<i>Revenue.</i>	<i>Expenditure.</i>
Salt.	Salt.
Excise.	Excise.
Post Office.	Customs.
Telegraphs.	Post Office.
Stationery and Printing.	Telegraphs.
State Railways.	Stationery and Printing.
Subsidised Companies.	Protective Works, Railways.
	Subsidised Companies.
	Miscellaneous Railway Expenditure.
	Capital outlay on State Railways.

He said :—“ Sir, I have to introduce the heads of Excise, Customs, the Post Office and Telegraphs, Stationery and Printing, and Railways. The



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[ *Mr. Clark.* ]

only subjects which require any remarks from me, over and above what appears in the memorandum explaining the details of the estimates, are Customs, the Post Office and Telegraphs and Railways.

“As regards the first of these, my Hon'ble Colleague the Finance Member has already explained the effects of the war upon our customs revenue and the various causes underlying the serious diminution of receipts under this head. At the present moment the specially prominent factor is the lack of shipping and the consequent high level of freights. Government have endeavoured to remedy this by the utilization of enemy vessels to carry private cargoes, and I think I am right in claiming that India was the first country in the Empire to employ detained vessels in this manner. While there has been this decline in business at the ports and a decline therefore in the normal work of the Customs Department, new duties have fallen upon the officers of the Department of a specially onerous and responsible kind. As soon as hostilities broke out, a strict watch had to be maintained over enemy vessels and over their cargoes which happened to be in port. The Department has now been relieved of this responsibility, but a great deal of other novel work has been thrown upon it through the necessity for the supervision of exports, in order to prevent supplies reaching the enemy not merely directly but also through neutral countries. Various prohibitions and restrictions of trade have had to be imposed in this connection and also to ensure the retention in this country of military and medical stores of which abnormal supplies are required in time of war. It has also been necessary to prohibit or restrict the export of certain commodities, especially wheat and wheat flour, which are necessary for local consumption and which might be tempted abroad by the high prices offered elsewhere. The duty of seeing that effect is duly given to the various notifications concerned falls upon the officers of the Customs Department, and I am very glad of this opportunity of paying a tribute to the efficient manner in which this work has been carried out. I can speak with personal knowledge of the admirable way in which control has been maintained at the ports, while at the same time the fullest possible consideration has been shown to the mercantile public, who, on their side, have accepted the various restrictions in a very willing and patriotic spirit.

“As regards the Post Office and Telegraphs, the scheme of amalgamation, the most important administrative measure ever undertaken in the Post Office, or Telegraph Department, has now been fully introduced. Thanks to the able administration of my Hon'ble friend Mr. Maxwell, and to the thorough and tactful manner in which he has dealt with the question, this great change has been effected without any dislocation of departmental business or inconvenience to the public, and the new system is now in satisfactory operation. As a natural result of the amalgamation, the Budget Revenue heads 'XIII—Post Office' and 'XIV—Telegraph' have been replaced by the head 'XIII—Posts and Telegraphs,' and the Expenditure heads '15—Post Office' and '16—Telegraph' by the head '15 Posts and Telegraphs'. The total revenue for the year 1913-14 was £3,432,600. According to the Revised Estimate the amount for the current year will be £3,436,400, and for the coming year we cannot expect to realise more than £3,464,300. This is exclusive of the rebate of £69,000 which is to be allowed to India in respect of the payments due under the P. & O. contract. The very small increases represented by these figures are attributable entirely to the general depression caused by the war. The total expenditure for the year 1913-14 was £3,142,000 and the Revised Estimate for 1914-15 is £3,209,700. For next year we have budgetted for a sum of £3,276,300. For the year 1913-14 the Revenue exceeded the expenditure by £290,600, and if our predictions are fulfilled the corresponding amounts for 1914-15 and 1915-16 will be £226,700 and £257,000 respectively. In the matter of Capital outlay on the telegraph service the Budget Estimate for 1915-16 is £179,000, exclusive of the share of establishment charges, as compared with a Revised Estimate of £174,600 for the current year and a sum of £174,200 actually spent during 1913-14. The revenue of the Department is a matter that we cannot control, but every effort has been, and will continue to be, made to keep the

working charges as low as possible. No increase of expenditure that is not urgently necessary in order to maintain the services at an efficient standard will be incurred.

“The war has imposed a great deal of extra work on the Post Office and the Telegraph Department in regard to censorship, the provision of staff to accompany the forces, and the sorting of mails for the various expeditions. These additional duties have been performed in a thoroughly efficient manner.

“On the engineering side, considerable progress has been made during the current year in extending the wireless system throughout India, the stations at Madras, Rangoon, Secunderabad and Diamond Island being completed. By the opening of the two first named installations, a ship in practically any part of the Bay of Bengal is in wireless communication with India. I should also like to draw attention to the enterprise of the Department in introducing automatic telephones into India. These were brought into use in Simla in the beginning of the year and have worked with complete success. In view of this it is under consideration to extend this system to other parts of India when prices are favourable. Another most successful engineering undertaking has been the erection of the Simla-Delhi trunk telephone connection, which has been of the greatest service to the Government of India and especially to those Departments upon whom abnormally heavy work has been imposed by the war.

“Turning now to Railways, my Hon'ble Friend, the President of the Railway Board, would in ordinary circumstances have shared with me the task of rendering some account of our administration during the year. I regret to say that he is prevented by illness from attending Council, and I must therefore deal myself with the subject on which it was proposed that he should address Council to-day, namely, the question of railway working expenditure charged to revenue during the current and the coming official year. I may say that in so doing I shall follow very closely the lines on which Sir Henry Burt had proposed to speak. But I will first mention a few other matters which I hope will be of interest to Council.

“During the first few months of the war the railways of India were subjected to a very severe test in being called upon at extremely short notice to concentrate at the ports of Bombay and Karachi troops of all arms with their full equipment and supplies, for the despatch overseas of by far the largest expeditionary force that has ever left this country. That the task thus entrusted to the Railways was carried through without a single hitch and to the entire satisfaction of Government, testifies to their preparedness for an emergency and to the resources at their command. Material assistance in respect of warlike operations was also rendered by individual Railways in certain other directions; notably in making available and facilitating the transport of coal for the purposes of the Royal Indian Marine, who required large quantities of fuel at short notice. Help, too, was afforded by some lines which lent the services of part of their workshop and other staff for special work in the dockyards. Normally a considerable number of Royal Engineers Officers is employed on railway work—mainly in the Engineering, Traffic and Government Inspectors Branches. Forty-five of these have been set free for military duty and in addition to these some thirty civilian officers have also joined the army. The railways, I think, may fairly claim that they have borne their part in this great crisis.

“To turn to finance, I suppose there is no country in the world, whether among the belligerents or the neutrals, in which railway expansion has received less of a set-back than in India. No attempt has been necessary to curtail the programme which we set about carrying out in the year 1914-15. In the year 1915-16 there will be a capital outlay of 8 millions sterling which, though it may compare unfavourably with outlay in the current year, is approximately the amount of capital expenditure annually incurred some 4 or 5 years ago. In certain ways the present falling-off of traffic is not altogether a disadvantage. The increase of the capacity of our railways was a matter of such urgency in recent years that speed as well as economy had to be considered when taking steps to secure it. The best possible way to

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obtain relief is the provision of those open line facilities—additional tracks, yards and so forth—which will make not only for expedition but for economy in future working for more efficient utilisation of rolling stock and for the elimination of unnecessary expenditure when trains are delayed upon their journey. The construction of such additional facilities takes time, however—in many cases a very long time—while the provision of additional rolling stock is an obvious and rapid method of removing the immediate pressure, and for this reason it has been resorted to very freely during the last few years. In the forthcoming year we propose to continue progress on all the open-line works of improvement which have already been taken in hand in addition to beginning a certain number of new ones, while still making a moderate provision for additional stock. There will remain over a million sterling for expenditure on lines under construction and for new lines not yet begun. This enables adequate provision to be made for all the projects which we have at present in hand, while retaining a reserve to be devoted to certain projects which we have under discussion, should it prove—as I hope that it may—possible to begin work on some of them during 1915-16.

“In connection with the allotment of funds for lines in progress, there is one point which I should especially mention. Now that the Hardinge Bridge, which was opened by His Excellency a few days ago, has been completed, we are left with only one really large project in hand, that is the Itarsi-Nagpur Railway. The northern section from Itarsi to the Pench Valley Coal Field has been completed, but the southern section from Nagpur to Amla is still less than half way towards completion. It is now over 6 years since this large project was begun but the rate of progress has been retarded by the necessity for dealing first with the still more urgent demands on our open lines. This year we propose to devote a sum of no less than 50 lakhs of rupees to the Itarsi-Nagpur Railway. This will not be enough to provide for the completion of the line and the provision of the necessary rolling stock. At the same time it will go a very long way towards making the whole of the project ready for opening to public traffic, and in future years this long and expensive line will cease to be such a heavy drain upon our available resources. This is a matter for sincere congratulation.

“While it is satisfactory that we have been able to arrange for the financing of a very considerable programme from Imperial funds, it is no less satisfactory to find that the war has not put an end to the financing of new lines of railway through the agency of private enterprise. The Hon'ble the Finance Member has informed you of the progress which has been made in this direction during the year. I think that we must all agree that it speaks well for the confidence which the Indian public place in investments in branch railways. Not only has a new company been floated since the declaration of the war, but, in addition to this, further capital has been raised by companies already in existence. We have at present applications for the immediate flotation of several new branch line companies, one of them a very important venture, and I believe that it will be found that any set-back which may have been caused by the war is only temporary and that a progressive increase will occur in the amount annually forthcoming for the construction of new railways outside our ordinary programme.

“The question also of district board railways has in Madras attracted great attention and indeed in one case—in that of the Dindigal-Pollachi-Palghat line—has given rise to an acute controversy. I take this opportunity of saying that on the general question of policy there is no difference of opinion. We recognise the prior claim of District Boards, to which the Hon'ble Sir Harold Stuart recently gave expression in the Madras Council, and we trust that not only in Madras but in other parts of the country District Boards will take a large and increasing share in the work of railway development. At the same time District Boards—like all other bodies in whom financial responsibility is vested—must cut their coats according to their cloth, and we in the Government of India must depend upon the Local Government concerned for an opinion whether in any particular case the assets and potential

[ *Mr. Clark.* ]

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resources of the District Board, or District Boards interested, are sufficient to justify their undertaking the construction of any particular line.

“The difficulties which have hitherto stood in the way of railway extension in Assam are now, I am glad to say, in a fair way to be overcome. The special conditions of the province have been recognised and a Resolution was lately issued informing the public that the Government of India would in future be prepared to consider the grant of a special subsidy from the Assam Administration, which would for a fixed term of years increase the  $3\frac{1}{2}$  per cent guarantee offered under the ordinary branch line terms to  $4\frac{1}{2}$  per cent. There is every indication that the liberality of these terms has been appreciated and that within the next few years we shall have a rapid development of railway communication in the province of Assam. Apart from the great benefit which must necessarily result to the country as a whole, this is of special importance in view of the hitherto unremunerative nature of the Assam-Bengal Railway. This line was most expensive to construct and is most expensive to maintain. In a mountainous country, subject to torrential rainfall, this high expenditure on maintenance must necessarily continue, and our only hope of increasing the net earnings so as to show an adequate return upon the capital outlay lies in the direction of increasing the volume of traffic. This increase of traffic can only be brought about by the opening of areas to cultivation, while at the same time bringing them into direct communication with the Assam-Bengal Railway.

“In the various points on which I have touched, I think we find considerable grounds for encouragement. Especially is there cause for satisfaction in the growing interest shown by the public in railway matters, a feature which must be welcomed by all who are responsible for the administration of our railways and interested in the development of the country in which our railways play so great a part.

“I come now to the subject with which it had been proposed that my Hon'ble Friend the President of the Railway Board should deal, namely, the subject of what we have done and propose to do in regulating our railway business so as to conform with the exceptional conditions which have affected it, and which may be expected to continue to affect it during the forthcoming financial year. I shall take first the current year. As Hon'ble Members are aware, we budgetted this time last year for gross receipts amounting to 56.60 crores of rupees, that is for an improvement of nearly Rs. 30 lakhs over the gross earnings for the year 1913-14, our previous best. We have had to prepare a revised estimate for a decrease in gross earnings of nearly 3 crores of rupees as compared with the total reached in 1913-14. Hon'ble Members will, I think, recognise that in the abnormal circumstances of the year, this serious falling off of earnings, though to be lamented, is not a matter over which the administrations could exercise any effective control. They will desire to be informed rather of the extent to which it has been or will be possible to adopt measures to restrict expenditure on revenue account so that the fall of earnings may be counterbalanced by special economy.

“While we are now compelled to estimate for this very large reduction of earnings in the present year, there was until the beginning of August every indication that our budget anticipations would be fully realised and that record earnings would be secured in the present year. With that prospect in view, railway administrations adopted the policy, which is a perfectly sound one, of pushing forward the repairs of engines and rolling stock during the earlier months of the year, a period during which they were justified on the results of previous experience in supposing that traffic would be lighter than that which might be expected later in the year. Expenditure was therefore freely incurred on renewals and repairs generally so that railways might be in the strongest position to handle the anticipated rush. In a word they concentrated their expenditure into a period when it could be incurred with least detriment to the interests of themselves and of their constituents. Railways, moreover, stood committed to expenditure on new permanent way with a view to the carrying out of the programme of track renewal which had been arranged for. Orders for such

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permanent way have, of course, to be placed in the early part of the year, if not before then, although the actual relaying is ordinarily carried out in the cold weather months.

“When the war came, its full effect upon our railway business was to some extent obscured during the first few months by the large volume of military traffic which railways were called upon to handle. Such traffic is not a source of any considerable profit, while adding comparatively little to receipts, it operated to maintain expenditure at a high figure, not only on account of the actual train mileage run, but also on account of the fact that it was impossible to effect any reduction of establishment at a time when it was impossible to say what urgent military traffic it might be necessary to handle. The causes to which I have so far referred as having operated against the possibility of reducing expenditure are special in the sense that they are dependent on the particular conditions which obtained both prior to, and for some months after, the outbreak of war. But apart from these special causes, whenever there is a sudden large decrease of railway business, it is impossible, as my Hon'ble Colleague the Finance Member pointed out in his recent speech on the Financial Statement, to effect anything approaching a proportional decrease in working expenses. This is a point upon which I desire to lay particular stress, as it is of importance not only in connection with our railway expenditure during the current year, but also during next year. Our railways have been equipped to carry a certain volume of traffic, and our scale of permanent staff and our other arrangements have been framed with a view to carrying that volume of traffic also. If it could be foreseen that for a period of several years a less volume of traffic would have to be handled, we could possibly effect a reduction of working expenses in proportion to the anticipated reduction of earnings. But such is not the present case. The expert advisers of Government on railway matters are confident that a great revival of our railway business will occur immediately upon the restoration of peace, that is after an indefinite period of slack traffic.

“I do not say that on our railways reductions cannot be effected. Some trains may be cut off and some reduction made in the operating staff, where local circumstances permit this, but it is clearly impossible to shut down any of our railways or to permit the maintenance of our way, works and rolling stock to be neglected. Even the alteration and reduction of train services, though it may appear justifiable on the returns of earnings, must be kept within the limits dictated by the convenience of passengers and trade.

“Since the exceptionally heavy military traffic ceased, railways have devoted the greatest attention to effecting economies in operating expenses. They have, where possible, reduced the train mileage and they have also reduced overtime in railway workshops and in certain cases the workshop staff. It would be idle to suggest that these economies have been brought about without causing inconvenience and in some cases hardship to individuals, but at a time such as this it was clearly incumbent on the Railway Board to see that every possible effort was made to reduce expenditure on the working of our railways, and I am glad to say that in this matter the Board have received the loyal co-operation of Railway Administrations, and of the Directors of Railway Companies.

“For the reasons which I have already explained we have only been able to show a reduction of ₹11 lakhs on the budget figures for expenditure during the current year. Turning to next year you will have observed that, while our gross receipts are estimated at 53 crores on the basis explained to Council by the Hon'ble the Finance Member, a reduction of 45 lakhs on our latest estimates of receipts for the current year, our estimated expenditure exceeds that for 1914-15 by 24 lakhs. I should like to explain to Hon'ble Members the reason why this increase of expenditure is proposed.

“In dealing with railway working expenses it has been found convenient to classify all expenses under two heads, the first ordinary working expenses, the second special expenditure. Under ordinary working expenses is included all expenditure on the operation of trains, the cost of ordinary maintenance,

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repairs and renewals, the salaries of the permanent staff and many miscellaneous items of expense. Under special expenditure is included provision for the revenue portion of all these open line works of improvement upon which capital outlay has been, and is still being, incurred, also the cost of what I may call the heavy renewals, that is the renewals of engines of rolling stock and of the track.

“ Notwithstanding what I have said about the difficulty of reducing working expenditure we actually propose to spend 46 lakhs of rupees less under the first head than the revised estimate of expenditure for the current year. We propose in fact to continue all efforts for effecting economy which have been exercised during recent months. In estimating that this reduction will be brought about we have assumed a uniformly low scale of receipts throughout the year, and on this assumption, I think, that we have on the whole been cautious and it may be that if the estimate of the traffic to be carried is not exceeded we may be able to effect a still larger reduction than this.

“ The Council will readily understand that a considerable provision for special expenditure has not been made without a very careful examination of the position. In consultation with the Agents of railways, the Railway Board have lately examined the whole position in detail. It has been found that during recent years, when a special effort was being made to increase the capacity of our railways, the revenue funds which were made available for special expenditure had to be devoted first to the revenue share of these works of open line improvement, which we had sanctioned with a view to removing the very justifiable complaints made regarding the inadequate capacity of our railways. The sum which was left for the renewal of permanent way, rolling stock, bridges and the like was insufficient to meet the demand, which is naturally a growing one by reason of the facts, first, that the rolling stock and the permanent way which reaches a certain limit of age annually is increasing year by year, and, second, that the very heavy traffic handled recently has naturally added to the amount of wear and tear thereby reducing the normal life of track and stock. We are in fact to some extent in arrears with what must be considered to be a normal programme of heavy renewals, and we have decided, therefore, to do our best to continue to put our house in order now, rather than to wait until the strain comes and the machine runs a risk of breaking down. I am convinced—and our technical advisers on the Railway Board are convinced—that it would be the worst possible form of economy to attempt to make a saving under the head of special expenditure, even during a single year; to do so would be to impair both the capacity and efficiency of the lines and would result in serious difficulty immediately on the revival of traffic. Of course all this, coupled with a cautious estimate of gross earnings, means that the nett return from railways is estimated to be much less during 1915-16 than during recent bumper years. At the same time I would remind the Council that even so the percentage of nett working profit (excluding interest charges) to capital, as quoted a few days ago by the Hon'ble Financial Member, is estimated at just over the respectable figure of 4 per cent, 1 per cent below the corresponding figure for 1913-14, and higher than the percentage of 3.18 calculated on the same basis, for the last year which can be described as a bad one, that is 1908-09. That this is so I do not think the Council can regard otherwise than as a matter for congratulation. ”

## RESOLUTION *RE* PROVISION FOR AIDING AND ENCOURAGING INDIGENOUS INDUSTRIES.

**The Hon'ble Pandit Madan Mohan Malaviya** :—“ Sir, I beg to move—

‘ That this Council recommend that a sum of Rs. 12,00,000 be provided in the Budget for aiding and encouraging indigenous industries.’

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“I need not take up the time of the Council by dwelling upon the importance and the necessity of doing something more than is being done to aid indigenous industries. We had a recent discussion in this Council and the Hon'ble Member in charge of Commerce and Industry accepted a resolution in which it was stated that Government would afford such assistance and co-operation as would be practicable in the promotion of industrial enterprise in India. But I do not see any provision for it in the Budget. If there is, I should like to be corrected at this stage. And I submit, Sir, that the matter is of far greater importance than the language of the resolution to which I have referred would indicate. We have immense raw materials in this country, and we export them in enormous quantities. We have not been developing our industries to the extent that we should have done, considering the numerous other advantages which the country enjoys under the present Government. The Council is aware that the Famine Commission of 1878 reported that in order to guard against the suffering to which the people are exposed during times of famine, it was essential that industrial enterprise should be promoted. Speaking in 1908, Sir John Hewett rightly observed that there is no subject upon which more had been written and less had been done. The Government of India have recognised the duty of promoting industrial enterprise in theory, but, in practice, I regret to say, not much has been done up to this moment. The present war has emphasised the need for it and has also pointed out the advantages which would accrue to the country if the Government were to seize the opportunity. I do not know that there has been any provision made or that there is any intention to take up the matter seriously in order to promote such enterprise. I think in this matter Japan affords us a very instructive lesson. Japan was, like India, till 40 years ago, an agricultural country which used to export its raw produce in enormous quantities. In much less than 40 years its character has changed from an agricultural country into a country which exports manufactures in a larger measure than raw produce. While the percentage of raw produce exported from Japan has been steadily diminishing for the last twenty years, the percentage of manufactured articles exported has been steadily growing. I think, Sir, that no one will question that the Government of India are in a position, if they so desire, to promote as much industrial enterprise and development in this country as the Government of Japan have done for Japan, and it is earnestly to be hoped that in view of all that has been said in this Council on this subject, and of the importance of the subject which is recognised by Government, a serious effort will be made now, not merely to help such industries as may be existing by providing expert advice or by publishing bulletins or other information, for which we do certainly feel thankful, but by finding out whether the Government cannot by a systematic scheme promote such industries as would utilise the enormous quantities of raw products which have to be exported at the present moment. If this is done, Sir, a new era of prosperity will dawn upon India.

“The present War has brought its many evils, but it has shown the great value of wealth. It is expected that the greater wealth of England will in the long run tell against Germany and bring conquest to England. Here in this country we are unfortunately an extremely poor people. Having been under the otherwise excellent administration of Britain for such a long time, India should even now be put in such a position that it should be able to utilize its raw products, and should export only such as cannot be utilized with advantage in this country.

“In this connection, I must draw attention to one portion of the speech of the Hon'ble Mr. Clark, which he delivered on the occasion of the resolution for aiding industries. Speaking of the efforts which were being made in England to form new companies to manufacture dyes and other articles which had ceased to come from Germany and Austria, the Hon'ble Member is reported to have said :—‘It is not essential for us, representing India, to make ourselves self-supporting so long as England is able to produce and supply to us the articles which we require.’

“I should be glad to know, Sir, that that report does not correctly represent what the Hon'ble Member said—.”

[ *Mr. Clark; Pandit Madan Mohan Malaviya; [9TH MARCH, 1915.]*  
*Mr. Ghuznavi.* ]

**The Hon'ble Mr. Clark:**—"That is quite correct."

**The Hon'ble Pandit Madan Mohan Malaviya** resumed:—"But if it does, I must take strong exception to it. India should benefit and not suffer by its connection with England even in the matter of manufactures. It should do so to a greater extent than other countries not so connected with England. We need to be industrially independent in order that we should be able to turn to the best account the produce of our own country. The fact that England is able to produce certain articles is no reason why India should not, if it profitably can, produce the same articles, and that it should remain content to be merely the supplier of raw articles to England. We should not be content with our industrial condition until we are able to produce every manufactured article which our people use and for which nature gives us an opportunity and an advantage in the shape of raw materials. I hope that my Hon'ble friend, and the Government of India as a whole, do not really take that narrow view which was indicated in the remarks to which I have drawn attention, and I hope that, in view of the great need there is of increasing the national income in India and putting down poverty, of making it possible for the people to be able to live in these days of high prices in a better way than they are at present able to with their deplorably low national income, the Government will recognise the great importance of fostering indigenous industries and will provide the means for making a beginning for it in their present budget. The amount that I have asked for is a very small sum, a sum of 12 lakhs only. One might wonder why it is that, when I ask for a systematic scheme for the development of industrial enterprise, I ask for the small sum of 12 lakhs only. My reason is that I know the difficulties of the present year. In fact we fully recognise that, generally speaking, the Hon'ble the Finance Member has done the very best that he could in the circumstances of the year and we all feel deeply grateful to him for it. It is therefore that I have not asked for a larger sum. But I ask for this sum in order to indicate that the Government of India recognise that they should now actively take steps to find out what industries can be promoted, and to set their heart on promoting them and thereby earn the gratitude of the people."

**The Hon'ble Mr. Ghuznavi:**—"Sir, I have much pleasure in supporting the resolution which has just been moved by my Hon'ble friend Pandit Madan Mohan Malaviya. My friend has referred to another resolution which was moved in this Council a short time ago and which was accepted in an amended form. Such being the case, there ought not to be any difficulty in accepting the present resolution moved by my Hon'ble friend. What the Non-Official Members of Council were anxious to impress upon Government was that now or never is the time for giving an impetus to indigenous industrial development and that Government, as the chief custodian of all our interests, should avail themselves of this opportunity to pave the way for our industrial regeneration. On the occasion of the last debate that I referred to just now I particularly laid great stress on the fact that at present we need not worry ourselves with large concerns which require lakhs and lakhs of rupees. Such undertakings unfortunately are still beyond our capacity. It is the small industries to begin with which suit our people best, such as weaving, spinning, sugar manufacture, manufacture of salt, brass or other metallic articles. All of these can be fostered under judicious guidance and with a very small amount of capital. My Hon'ble friend the Panditjee is not asking for a crore of rupees, but he is only making a very modest request, namely, for only 12 lakhs of rupees, and if Government were not prepared to accede to our request for aiding our industries to any very large extent by making large grants, Government might still, for the sake of making an experiment, accept the present resolution which only requests that the small amount of 12 lakhs of rupees may be granted to that end. Sir, Providence has thrown a great opportunity in our way. Imports from foreign countries have ceased and therefore this is just the time when an experiment of the kind should be made. I have therefore very great pleasure in giving my whole-hearted support to this resolution."



[9TH MARCH, 1915.] · [ *Rai Bahadur Sita Nath Ray ; Maharaja Manindra Chandra Nandi ; Maharaja Ranajit Sinha of Nashipur ; Mr. Abbott.* ]

**The Hon'ble Rai Bahadur Sita Nath Ray :—**“ Sir, I do not wish to take up the time of the Council by repeating the arguments which have been used by the Hon'ble Pandit Madan Mohan Malaviya, but as a member of the mercantile community it is desirable that I should speak, and I beg to support the resolution of the Hon'ble Member with all the emphasis I can command. As I propose to move a resolution somewhat analogous to the resolution now moved, I do not like to take up the time of the Council by repeating the arguments which I shall have to use on another occasion. But on all grounds, and considering the small amount which has been asked for, it is extremely desirable that Government should accede to our prayer. What can be more unfortunate than that such a large country as India, should be dependent for every necessary, for every luxury, upon foreign countries. Even Japan, as has been pointed out by my Hon'ble friend, which was once an agricultural country, has now commenced to export her manufactured articles to India. Formerly India used not only to manufacture all the sugar that it wanted for its own consumption, but it used to manufacture a good deal more and to export it for the use of foreign countries. But what is the position now? Our sugar industry has not only in a manner received a check on account of the cheap sugar imported from Java and other places, but our whole market is glutted with sugar coming from Java, and we are not in a position to compete with the cheaper article of Java. Under all these circumstances it is desirable that something should be done, and, considering the small amount asked for, it is extremely desirable that the Government should do something to promote our industries ”

**The Hon'ble Maharaja Manindra Chandra Nandi :—**“ Sir, I beg to support this resolution. Inquiries are being already made in view of the discontinuation of trade with enemy countries as to the feasibility of reviving and restoring Indian industries and the exhibitions recently held of foreign articles have the same object. This seems to be an excellent opportunity for giving an impetus to indigenous industries in India and thereby helping to reduce the dependence of this country for a number of articles on countries with which the British Government are at war. There are many Indian industries which if properly guided and encouraged would be in a thriving condition in a few years, and it is fitting that provision for that purpose should be made in this Budget.”

**The Hon'ble Maharaja Ranajit Sinha of Nashipur :—**“ Sir, I have much pleasure in supporting the resolution which has now been moved by my honourable friend Pundit Madan Mohan Malaviya. The question has been fully discussed lately in this Council and the Honourable Member in charge of industries has in a manner accepted the resolution. He promised that the Government would do its best to promote and help indigenous industries as far as practicable.

“ But, Sir, in going through the Budget I have not been able to find any sum provided for this purpose, which has been recognised by the Government to be a most important one. Of course, it is very difficult this year to suggest any large expenditure under any item. The Budget has been very carefully prepared by the Honourable Member in charge of Finance, and we are grateful to him ; but I think there will be no difficulty in providing such a small sum as has been recommended by my honourable friend in his resolution.

“ With these few observations, I have much pleasure in supporting the resolution.”

**The Hon'ble Mr. Abbott :—**“ Sir, I beg to support the Hon'ble Mover.”

[Mr. Clark.] [9TH MARCH, 1915.]

**The Hon'ble Mr. Clark:**—"I would suggest to Council that it is important in the first place in dealing with this resolution to be absolutely clear what we are discussing. The Hon'ble Member has recommended that a sum of Rs. 12 lakhs should be provided in the present budget for aiding and encouraging indigenous industries; in other words that a sum of 12 lakhs of rupees should be spent in the coming financial year on this object. There has been a certain tendency instead of discussing this proposition to debate the much larger question of the general merits of Government providing money for encouraging indigenous industries. I should be the last person to deny the importance of that problem, and it is a question on which it is very natural that Hon'ble Members should hold opinions and on which they should wish to speak in this Council. But I do not think that we ought to be led to-day into a general discussion of the kind. Nor do I propose to follow the Hon'ble Pandit into the seductive vista of controversy as to how far India should be self-supporting, which he opened up by quoting a single remark of mine from a speech which I delivered the other day on the Hon'ble Raja Kushalpal Singh's resolution. I was there referring to the question as to whether, in view of the fact that there is a great shortage of dyes in India, we ought to take very special steps to replace that shortage. I pointed out the measures which had been taken at home for providing dyes there and what the Home Government had done in the matter of furnishing loans, and said that as the British Navy was fully capable of keeping the seas open, it would be most uneconomical for us to do anything of the same kind in India. The larger question of the general promotion of industries seems to me to be a question more for discussion under the rules which provide for debates on matters of general public interest. What is now under consideration is the budget of the year, and more especially, that side of it which deals with the objects on which the revenue of the year is to be expended. That being so, the question brought forward by the Hon'ble Member resolves itself into the proposition either that the 12 lakhs which at present are allocated to other purposes should now be allocated to the purpose of aiding and encouraging indigenous industries, or that my Hon'ble Colleague the Finance Member should raise for this purpose another 12 lakhs in addition to the revenue for which he has already estimated in the coming year."

"The Hon'ble Pandit did not suggest that the 12 lakhs he wishes to be used for indigenous industries should be provided from other sources; and of one thing I feel fairly certain, and that is that my Hon'ble Colleague the Finance Member cannot on its existing basis expand his revenue even by the comparatively small sum of Rs. 12 lakhs. I think I may safely say that any further increase in the demands for expenditure would involve additional taxation. I do not know whether the Hon'ble Pandit would advocate this course, however desirable the objects may be on which the money is to be expended. My Hon'ble Colleague in his Financial Statement has given the reasons why, after very serious consideration, Government have decided against increasing taxation this year. We came to the conclusion that with trade conditions depressed and with the present abnormal rise in food-prices in a large part of the country (I am borrowing my Hon'ble Colleague's own words), we ought not to add to existing taxation, unless it was absolutely necessary to do so. We held that this necessity had not arisen, and much as I wish to see indigenous industries developed in this country, I could not join the Hon'ble Pandit in pressing on my Hon'ble Colleague that additional taxation should be imposed for the purpose.

"Let me turn to another point. The financial year which we have before us will be entered upon under the abnormal circumstances created by a great war. We cannot say how long that war will last, but should it be protracted throughout the year or through a greater part of the year, Government cannot agree with the Hon'ble Member that this is a safe moment for the expenditure of large sums on the promotion of indigenous industries. I need not develop over again the arguments which I have laid before Council in

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the debate on the Hon'ble Raja Kushalpal Singh's resolution. I explained then what Government have done in the way of affording finance for the general assistance of trade, and also that Local Governments and ourselves are in other ways affording such help as we can in order to assist Indian manufactures to capture trade which has hitherto been held by German and Austrian competitors. We have not, for the reasons given, gone in for financing industries. We and Local Governments have worked by what seemed to us the sounder method of supplying information and, in some cases, especially in Madras, by Government starting experiments in manufacture to demonstrate that certain industries can be carried on at a profit. Madras and other Provinces are incurring not inconsiderable expenditure for this purpose. The Hon'ble Pandit asked where that was shown in the Budget. It is quite true that it is not shown actually in the Account under that heading : it comes under the heading 'Scientific and Miscellaneous Departments' in the notes to the Budget. The Budget estimate under that head for 1915-16 exceeds the Revenue for the current year by 2.29 lakhs, the increase being mainly for the encouragement of industries in Madras and the Punjab. We do not consider that it would be wise to go further than this at the present time. I am of course aware that many Members of this Council consider that Government should provide capital on a liberal scale for persons who wish to start industries in India. This has not been Government's policy in the past, though in isolated cases and for special reasons Local Governments have from time to time given direct assistance of the kind to particular industries. I would put it to Council that this is not the moment, in the disturbed economic conditions resulting from a great war, for Government to depart from that policy. 12 lakhs sounds a small sum, but how is Government to be sure that expenditure will stop there? If the 12 lakhs of this year are swallowed up and the industries to which they have been handed over still do not flourish, will there not be larger demands in the next Budget or even earlier? We cannot say how long this war will last. So long as that uncertainty remains with us, it is only the commonest prudence to husband our resources and to hesitate over incurring fresh and undefined liabilities. I appeal to any of the representatives of Commerce in this Council to say whether those are not the principles which in such circumstances are maintained by a soundly conducted business. I regret, therefore, that I cannot accept the resolution."

**The Hon'ble Pandit Madan Mohan Malaviya:**—"Sir, the first objection of my Hon'ble friend that I have to meet is that I have not indicated where the money is to be found from, and he has put forward the bugbear of additional taxation to silence me. Now, Sir, while we all feel thankful to the Hon'ble the Finance Member for avoiding taxation at a time when there were temptations to resort to it, we must not forget that it became possible for him to avoid additional taxation because the Indian taxpayer has been paying heavily for the past many years. I will not here go into details. It has been pointed out over and over again that the standard at which taxation has been maintained for the past many years has been higher than what was really necessary. Even if it were otherwise, I do not think that my friend can be serious in suggesting that it would be necessary to incur additional taxation in order to provide 12 lakhs. I take a more correct, and if I may say so, a much more complimentary view of the finances of the Government of India, than to feel that to find a sum of 12 lakhs the Government will have to resort to additional taxation. That small sum could be found, if the Hon'ble the Finance Member decided to find it, without any serious dislocation of the other adjustments in the Budget. Then, I have given notice of a resolution that the provision for railways should be reduced by 25 lakhs. My object in doing so, was to meet the objection which has been urged by the Hon'ble Member for Commerce and Industry. I know that, yesterday, a Resolution to the same effect moved by the Hon'ble Mr. Dadabhoi, that the railway programme should be cut down by 50 lakhs was thrown out. And I know that every resolution will be thrown out unless the Government are prepared to

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accept it. So I shall not be surprised if the same fate befalls my resolution asking for a reduction of 25 lakhs only in the railway programme. But at the same time I have no doubt that if the Government feel that on the merits of the case it is desirable to provide 12 lakhs to promote indigenous industries, the Hon'ble the Finance Member will not say that, even if no reduction is made in the railway programme, the money could not be found.

“As regards the merits of the question, I would invite the attention of the Hon'ble Member and of the Council to the fact that what we desire is to mark the beginning of a serious and systematic endeavour—the initiation by the Government of a principle and a policy of aiding indigenous industries, in order that the people should take heart for the future, and should feel that we shall not always continue to be exposed to the pitiable condition to which we have been found exposed during the present war, when even for glass bangles we have to depend on Austria and Germany, and the cessation of the imports of that petty article should make it impossible for the poor people who use it to find it in the market. That is a state of affairs, Sir, which is not complimentary to the Commerce and Industry Department of the Government of India. I understand—I have not got the figures here, but I understand—that the value of glass bangles imported during the last few years from Austria and Hungary was about 43 (or 65?) lakhs. Now I put forward a definite proposal. I put aside other articles of glass. Is it too much to ask that the Government of India should make up its mind to promote and aid the glass industry, wherever necessary, by money, by expert advice and in other ways, during the next twelve months, so as to enable it to produce some of the articles which used to be imported from the enemy country—at any rate under that one head? There is any amount of facilities in this country for producing glass. There are some glass factories at work here. All that the Government has to do is to make up its mind to find out what it is that hampers the progress of the industry, what it is that is required to enable the people of this country to work it up successfully, and to give the necessary aid to the people in order to do so.

“My Hon'ble friend says this is not the time for us to ask for more money, because this is a period of war, and he appeals to the representatives of Commerce in the Council to support the view that this is not the time to embark on such expenditure as I propose. With due deference to my Hon'ble friend, I submit that this is particularly the time when such an effort should be made. War has thrown lots of our people out of employment; and if by the means I suggest, employment is provided for some people it would be a decided gain to the Government and the people.

“My Hon'ble friend also said that we should confine ourselves to the question that is before us and not go into the larger question of Government aid to indigenous industry. I am quite willing to do so; I thought I had done so. If I referred to the larger question it was only in order to show the necessity of the measure I recommend being adopted, and in order to show how small and modest is the proposal that I have put before the Government.

“In reply to my objection that no expenditure has been provided for in the present budget my Hon'ble friend referred me to page 75 of the Statement, where it is said that 2.29 lakhs have been provided mainly as ‘enhanced provision for industrial experiments and for the encouragement of industries in Madras and the Punjab.’ Technically my friend is right; but I thought if nothing else, the very smallness of the provision would make my Hon'ble friend hesitate to refer me to that as an answer to my resolution. That sum will undoubtedly be absorbed in some experiments and it is well that it should be. But what we want is 12 lakhs provided in order to see which of the many industries which it has become possible to encourage and foster during the present time could be most effectively pushed forward by the Government during the twelve months before us. I do not think I will be usefully taking

[ 9TH MARCH, 1915. ] [ *Pandit Madan Mohan Malaviya.* ]

up the time of the Council by prolonging the discussion ; but I do hope the Government will see their way to accede to this demand, which has been supported by many Members and which will be supported by the country, and find the 12 lakhs for an experiment and a departure of a thoroughly beneficial character."

**The Hon'ble Pandit Madan Mohan Malaviya** then asked for a division and the Council divided as follows :—

*Ayes—14.*

1. The Hon'ble Mr. Ghuznavi.
2. The Hon'ble Pandit Madan Mohan Malaviya.
3. The Hon'ble Khan Bahadur Mir Asad Ali Khan.
4. The Hon'ble Sir Fazulbhoy Currimbhoy.
5. The Hon'ble Maharaja Ranajit Sinha of Nashipur.
6. The Hon'ble Maharaja M. C. Nandi of Kasimbazar.
7. The Hon'ble Raja of Mahmudabad.
8. The Hon'ble Mr. Huda.
9. The Hon'ble Rai Bahadur Sitanath Ray.
10. The Hon'ble Raja Kushalpal Singh.
11. The Hon'ble Raja Jai Chand.
12. The Hon'ble Mr. Dadabhoy.
13. The Hon'ble Sir G. M. Chitnavis.
14. The Hon'ble Mr. Abbott.

*Noes—36.*

1. His Excellency the Commander-in-Chief.
2. The Hon'ble Sir Robert Carlyle.
3. The Hon'ble Sir Ali Imam.
4. The Hon'ble Mr. Clark.
5. The Hon'ble Sir Reginald Craddock.
6. The Hon'ble Sir William Meyer.
7. The Hon'ble Mr. Hailey.
8. The Hon'ble Mr. Montearth.
9. The Hon'ble Mr. Cobb.
10. The Hon'ble Mr. Wood.
11. The Hon'ble Mr. Brunyate.
12. The Hon'ble Mr. Wheeler.
13. The Hon'ble Mr. Low.
14. The Hon'ble Mr. Sharp
15. The Hon'ble Mr. Porter.
16. The Hon'ble Mr. Kershaw.
17. The Hon'ble General Holloway.
18. The Hon'ble Mr. Michael.
19. The Hon'ble Surgeon-General Sir C. P. Lukis.
20. The Hon'ble Mr. Russell.
21. The Hon'ble Mr. Maxwell.
22. The Hon'ble Major Robertson.
23. The Hon'ble Mr. Kenrick.
24. The Hon'ble Mr. Kesteven.
25. The Hon'ble Sir William Vincent.
26. The Hon'ble Mr. Carr.
27. The Hon'ble Mr. Reid.
28. The Hon'ble Mr. Donald.
29. The Hon'ble Mr. Maude.
30. The Hon'ble Mr. McNeill.
31. The Hon'ble Lt.-Col. Brooke Blakeway.
32. The Hon'ble Mr. Maynard.
33. The Hon'ble Mr. Walker.
34. The Hon'ble Lt.-Col. Gardon.
35. The Hon'ble Mr. Arbuthnot.
36. The Hon'ble Maung Mye.

The resolution was accordingly rejected.

406 RESOLUTION *RE* REDUCTION OF PROVISION FOR WORKING EXPENSES OF RAILWAYS.

[ *Pandit Madan Mohan Malaviya.* ] [ 9TH MARCH, 1915. ]

**RESOLUTION *RE* REDUCTION OF PROVISION FOR WORKING EXPENSES OF RAILWAYS.**

**The Hon'ble Pandit Madan Mohan Malaviya :—**“ Sir, I beg to move—

‘That this Council recommends that the Budget allotment for the working expenses of Railways be reduced by R10,00,000.’

“I have listened with careful attention to the remarks of the Hon'ble Member for Commerce and Industry on this head in the statement that he has made. I propose to deal with some of the points which bear upon this resolution. In the first place the Hon'ble Member has claimed that over 66 lakhs less has been provided under ordinary working expenses. That is perfectly true, but I submit that that does not entitle the Department to any great credit, because the experience of this year has shown that when there is less traffic the working or operating expenses must necessarily be reduced. They expect less traffic during the coming year, and therefore they have budgeted for a smaller revenue. Necessarily they could not help reducing the operating and working expenses by the amount that they have done. But so far as the other expenses which fall under this head are concerned, namely, what my friend calls ‘special expenditure’, that is expenses for improvements, they stand on a different footing. My Hon'ble friend says that it has been found necessary for several years to keep up a normal programme of heavy renewals. I am glad that he does say so, because that is exactly what is supported by the figures, which have been provided for year after year in the Budget for working expenses. But this view somewhat militates against that portion of the speech of the Hon'ble the Finance Member where he said that ‘We have found it necessary to make considerable additional provision for the improvement of the equipment of the railway lines which was represented to us to have fallen somewhat behind-hand in recent years, and to have become a pressing requirement.’ I do not understand, Sir, how the equipment of the railway lines can be said to have fallen somewhat behind-hand in recent years and to have pressed itself upon the attention of the Finance Department as a pressing requirement this year, when, as the Hon'ble Mr. Clark rightly says, a normal programme of heavy renewals has been kept up for several years. The history of the working expenses tells a somewhat different tale. We find that before the Railway Board came into existence, that is up to the year 1905, the working expenses averaged about 46 to 48 per cent of the gross receipts from railways. From 1905, when the Board was constituted, the proportion of its working expenses has been steadily going up. We find that in 1906 it rose to 46 or 46½; in 1907, it went up to 57·5; in 1908-09, to 62 per cent, and in 1910 to 55·8 per cent. We find also that in 1911-12, the gross receipts were 50 crores, 86 lakhs and odd, in 1912-13, 55 crores. The working expenses in 1911-12 amounted to 25 crores, 89 lakhs, in 1912-13 to 28 crores. In 1913-14 they amounted to 29 crores, 35 lakhs, and in the revised estimates of 1914-15 they are shown as 29 crores, 63 lakhs; the Budget before us provides for 29 crores, 86 lakhs. It will thus appear that the working expenses have been growing steadily and enormously. I cannot therefore understand how it is that the Finance Department was persuaded this year that our equipment in this matter had somewhat fallen behind-hand in recent years. What I further submit, Sir, is that, in last year's Budget estimate provision was made for 29 crores and 74 lakhs, and the revised estimates show that only 29 crores, 63 lakhs could be utilized. If the provision of last year could not be fully utilized, partly owing, no doubt, to the operating expenses having been low, why add 24 lakhs this year to the working expenses? This is a year of deficit; we are faced with a special situation, and unless it can be shown that there is very great and pressing need for pushing up our equipment in this direction, this certainly does not seem to be a year when an extra sum of 24 lakhs should be added to the working expenses. There is another aspect of this question, Sir. The

[9TH MARCH, 1915.] · [ *Pandit Madan Mohan Malaviya ; Mr. Clark.* ]

working expenses of railways, as I have submitted, have been steadily growing since 1905, when the Railway Board came into existence; and as these expenses grow, they necessarily reduce the net profit derivable from the railways. That these profits have come to '53 in the present year and that they are calculated to come to '32 in the following year, is a matter which ought to put the Railway Board somewhat at thinking on this question, ought to induce them to undertake a closer and more strict examination of the requirements of renewals than evidently they have been taking. The general public are entitled to see that the working expenses are not unnecessarily swollen. The railways have cost us a tremendous lot, and we are getting very, very small returns. In order that that return should not come to the vanishing point, it is essential that renewals should only be undertaken where they are actually necessary, and certainly not undertaken in a year when the returns from the railways, owing to the special circumstances of the year, are certain to be much poorer than they were last year. I therefore propose that the amount of working expenses should be reduced by 10 lakhs in the budget before us."

**The Hon'ble Mr. Clark :—**"Sir, the Hon'ble Member has been rather hard on the Railway Department, if he will permit me to say so. We are to have no credit for the reduction of 46 lakhs under ordinary expenditure, and we are to have a great deal of discredit for the increase of 70 lakhs under special expenditure.

"It is a very difficult matter to cut down ordinary expenditure merely because traffic falls off. A great proportion of the working expenses must be fixed expenses, such as wages of the staff, and you cannot largely reduce working costs merely because a few trains have been taken off. I think the Railways have done very well indeed to make such a big saving as has been secured. Then we come to special expenditure. I have already dealt with this matter in my speech introducing the Railway head of the Budget and I need not go over the same ground again. The Hon'ble Member has referred to the reasons which have led to the grant of a larger amount under this head. The main reason is that we have been getting behind-hand in renewals. It is true that in the last three or four years we have been spending larger sums than before, but we are still behind-hand, and it would be a very unwise policy to allow ourselves to get still more in arrears.

"It is very difficult to discuss these three resolutions without, to some extent, connecting them together. The first is that a sum of 12 lakhs should be provided for aiding and encouraging indigenous industries. The second is in effect that Government should neglect to take the steps which seem to them necessary for raising to an adequate pitch of efficiency their railways, by which the products of industries are carried to their markets. The third will have very much the same effect as the second. To my mind there is some significance in the accidental juxtaposition of the second resolution and the first. Hon'ble Members need not carry their minds very far back to recall the acute congestion on railways in the last 2 or 3 years and the complaints which arose on all sides in commercial circles. The injury done to trade was undeniable. A far greater degree of expansion might have been reached had our railways been more adequate to their task. I cannot accept all the blame for the railways. As Hon'ble Members know, the boom was a very sudden one which produced similar effects in nearly every country in the world. But at the same time our railway policy cannot be held to have been entirely free from blame. We had not in the past pursued with sufficient vigour the policy of improving open lines; renewals had been postponed; expenditure had been cut down, and when this great improvement in trade came, I am afraid it cannot be denied that our railways were not as efficient as they should have been. Latterly we have pursued a policy of steady and continued improvement. I have not the faintest doubt that we are right in so doing and that we are acting in the best economic interests of India. It is one of the matters on which I look back with the greatest satisfaction, now that my five years in India are drawing to a close, that I shall leave our railways in a fair way to have drawn level with the demands which may reasonably be expected to be

408 RESOLUTION *RE* REDUCTION OF PROVISION FOR WORKING EXPENSES OF RAILWAYS; RESOLUTION *RE* REDUCTION OF CAPITAL EXPENDITURE ON RAILWAYS.

[ 9TH MARCH, 1915. ] [ *Mr. Clark ; Pandit Madan Mohan Malaviya. ]*

made upon them. But this result has not yet been achieved, and if we were to accept the Hon'ble Member's proposal and reduce the present budget allotment, I can think of no more certain way of preventing, or at least postponing, its realisation. I am afraid in these circumstances I cannot agree to the resolution."

**The Hon'ble Pandit Madan Mohan Malaviya :—**" I think, Sir, that the Hon'ble Member should not consider the remarks that I made in the light in which he has taken them; he should not think that I want to keep back from the Railway Board the credit that is due to them for what they have done, or to throw any discredit upon them for what they have not done. We are dealing with a business proposition; the Railway Department of the Government of India is a business Department, and we have to look at the matter from a business point of view. The fact that the ordinary working expenses have been reduced this year has been noted in the statement before us. I have no doubt that every Department deserves credit, but when we point out that something more might have been done, in the way of reduction, for keeping down expenditure so far as it thought it fit to do, we do it not in a spirit of carping but in order that our business should be better attended to and, if possible, better promoted. We have to face the fact that railway working expenses have from 1905 onwards been steadily growing, and that they have grown from 46 per cent to 51 or 52 per cent, and the further fact that during these many years heavy renewals have been made year after year. The coming year will be a bad year for profits, and it therefore seems to me proper that the programme of working expenses, *i.e.*, of renewals, might well be reduced by 10 lakhs. My Hon'ble friend has spoken in a manner that would show that my proposal would put a stop to all renewals, That certainly is not so. When you provide for nearly 80 crores for working expenses of railways, a reduction in these expenses of a sum of 10 lakhs cannot much hamper your work, but it will serve to show that there is a willingness, an earnest desire on the part of the Department to show that they will do with a lesser amount when they can. I would not take up more time. I fear that proposals put forward by non-official members do not receive the consideration which might be shown to them. The programme of expenditure in the different departments is fixed by the Finance Department, in consultation with the various Departments of the Government of India; non-official members are not even informed what is proposed to be done until the financial statement is made; the whole matter is arranged, decided on, and it seems unalterably fixed, when it comes before us for discussion. We put forward some suggestions, some may not be exactly right from the Government point of view; it may be that the Government is generally right, but it is difficult to believe that the Government Departments are always right, precisely to the pie, in the allotments that they have fixed for all the various items in the Budget. When the Government are pleased to give non-official Members an opportunity of putting forward suggestions, it does seem hard that they should not be able to see their way of accepting any suggestion for a change in the Budget."

The resolution was put and rejected.

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**RESOLUTION *RE* REDUCTION OF CAPITAL EXPENDITURE ON RAILWAYS.**

**The Hon'ble Pandit Madan Mohan Malaviya :—**" The last Resolution, Sir, was a consequential Resolution, the object of which was to suggest to the Government how money for the different proposals which I have put forward might be found. As those proposals have been rejected, I do not press this Resolution, namely :—

' That this Council recommends that the Budget provision for capital expenditure on Railways be reduced by Rs25,00,000.'

The resolution was by leave withdrawn.



[ 9TH MARCH, 1917. ] [ Sir Reginald Craddock. ]

## FINANCIAL STATEMENT.

### SECOND STAGE.

**The Hon'ble Sir Reginald Craddock** :—“The main heads with which the Home Department are concerned, though most important in themselves, represent the ordinary administrative machinery of the country. They include General Administration, Law and Justice, including Courts of Law and Jails, Police, Medical as apart from Sanitation, and Registration.

“The variations in the figures are explained in the Financial Statements. No resolutions are being moved in regard to any of them, and they have apparently evoked no criticism from Hon'ble Members of this Council.

“We had hoped that in ordinary circumstances, the current year would have seen the promised Jail Commission at work, examining our prison system ; but, as in many other cases, the War has obliged us to postpone this inquiry for the present. I regret exceedingly that this has been necessary, for I had great hopes that much good would result from such an inquiry for which the time had become ripe. The subject was also one in which many Hon'ble Members have taken much interest. We may hope that the postponement will be a short one, though it is impossible now to make any forecast of the probable date at which the matter will be again taken up.

“Under Courts of Law, the buildings for the new High Court at Patna are nearing completion ; the question of strength, personnel and establishment, is under elaboration, while, as the Council is aware, the question of converting the Chief Court at Lahore into a High Court is before the Secretary of State.

“Under Police there is, and must be, as I indicated last year, continuous expansion. Constables must be paid a living wage and it has been found necessary, in some provinces, to increase the pay also of the head constables, while the general scheme of reform following on the Police Commission's recommendations still forms a continuous process.

“I desire once more, on behalf of the Government of India, to give a tribute of praise to the officers and men of the Indian Police. I do not think that India ever properly recognises what she owes to the police. The few cases of serious misconduct that occur—and I am glad to say that they have been becoming fewer each year—are magnified out of all proportion to their numerical importance, while all the excellent work that the police do is for the most part unnoticed or ignored. It falls to me to see many judgments of the higher criminal courts every year, and I can testify to the number of cases in which the work of the police has been pronounced to be good and honest and, in many cases, specially commended, while condemnation is exceedingly rare.

“As I pointed out last year, with the development of the country, police work is daily becoming harder and not easier, and the force requires a degree of support and co-operation from the public which it does not yet receive. If accused persons are acquitted on the benefit of a doubt it is rashly assumed that they ought not to have been prosecuted. Cases in which the Courts find themselves able to say that the accused ought not to have been prosecuted are exceedingly rare. In no country in the world are all the persons sent up for trial convicted. It is the function of the police to lay evidence before the Courts in cases where there is *prima facie* evidence and not to arrogate to themselves a decision. If prosecutions fail, how often can it be said that it is the fault of the police? How often may it not be due to the indifference of the public? I repeat once more that if the police is to cope successfully with the increasing volume of the crime of the country, they require the fullest sympathy and encouragement.”

[ *Sir William Meyer ; The Vice-President.* ] [ 9TH MARCH, 1915. ]

**The Hon'ble Sir William Meyer:**—" Sir, I beg to introduce the following heads of the Financial Statement for 1915-16.

As regards Revenue :—

Opium.		Receipts in Aid of Superannuation.
Interest.		Exchange.
Mint.		Miscellaneous.

As regards Expenditure :—

Refunds.		Mint.
Opium.		Civil, Furlough and Absentee Allowances.
Stamps.		Superannuation Allowances and Pensions.
Assessed Taxes.		Exchange.
Interest on Obligations other than the Public Debt.		Miscellaneous.
		Reduction or Avoidance of Debt.

" I need add nothing to the comments and explanations already given in regard to these items in my speech introducing the Financial Statement and in the Secretary's supplementary Memorandum."

**The Hon'ble the Vice-President:**—"The Council will now adjourn till Wednesday, the 17th March, at 11 o'clock."

W. H. VINCENT,

*Secretary to the Government of India,*

*Legislative Department.*

DELHI ;

*The 17th March, 1915.*