

**THE
LEGISLATIVE ASSEMBLY DEBATES**

(Official Report)

Volume IV, 1937

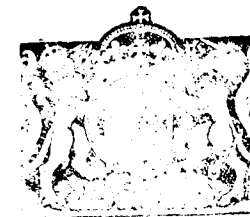
(23rd August to 1st September, 1937)

SIXTH SESSION

OF THE

FIFTH LEGISLATIVE ASSEMBLY,

1937

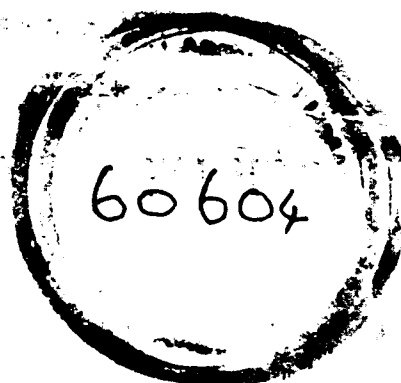


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Legislative Assembly.

President :

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

Deputy President :

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

Panel of Chairmen :

SIR MUHAMMAD YAKUB, M.L.A.

MR. S. SATYAMURTI, M.L.A.

SIR LESLIE HUDSON, M.L.A.

SIR COWASJI JEHangIR, BART., K.C.I.E., O.B.E., M.L.A.

Secretary :

MIAN MUHAMMAD RAFI, BAR.-AT-LAW.

Assistants of the Secretary :

MR. M. N. KAUL, BAR.-AT-LAW.

RAI BAHADUR D. DUTT.

Marshal :

CAPTAIN HAJI SARDAR NUR AHMAD KHAN, M.C., I.O.M., I.A.

Committee on Petitions :

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

SIR LESLIE HUDSON, M.L.A.

MR. M. S. ANEY, M.L.A.

MR. M. GHIASUDDIN, M.L.A.

MR. MATHURADAS VISSANJI, M.L.A.

CONTENTS.

VOLUM IV.—23rd August to 1st September, 1937.

	PAGES.		PAGES.
MONDAY, 23RD AUGUST, 1937,—		MONDAY 23RD AUGUST, 1937,—contd.	
Members Sworn	1—3	Panel of Chairmen	89
Starred Questions and Answers	3—40	Governor General's assent to Bills	89—90
Short Notice Questions and Answers	40—50	Agreement between the Reserve Bank of India and the Governments of Madras, the Punjab, Sind, Assam and the United Provinces	90—109
Statements laid on the Table	50—85	Forms of forced labour in the provinces	109—61
Motions for Adjournment re—		Net earnings of certain newly-constructed railway lines	161—66
Banning of the Kothapatam School of Economics and Political Science—Disallowed by the Governor General	85	Presentation of the Report of the Public Accounts Committee for 1935-1936	167—365
Feelings of Indian Muslims on the Palestine question—Disallowed by the Governor General	85—86	The Indian Companies (Amendment) Bill—Introduced	365
Non-export of Indian sugar abroad except to Burma—Not moved	86	The Rules and Regulations Continuance Bill—Introduced	366
Government policy in respect of the tribes on the North-West Frontier of India—Disallowed by the Governor General	86	The Federal Court Bill—Introduced	366
Misrepresentation of India's feelings and aspirations at the Imperial Conference—Disallowed by the Governor General	88	The Petroleum (Berar Extension) Bill—Introduced	366
Protection of the interests of Indians in South Africa—Not moved	86—89	The Indian Railways (Amendment) Bill—Introduced	366
Indian interests at Zanzibar—Negatived	89, 385—408	The Import of Drugs Bill—Introduced	367
		The Workmen's Compensation (Amendment) Bill—Introduced	367

PAGES.	PAGES.
MONDAY, 23RD AUGUST, 1937,—concl'd.	WEDNESDAY, 25TH AUGUST, 1937,—concl'd.
The Indian Naturalization (Amendment) Bill—Introduced 367	Unstarred Questions and Answers 524—28
The Manoeuvres Field Firing and Artillery Practice Bill—Appointment of certain Members to the Select Committee . . 367—68	Motions for Adjournment re—
Election of a Member to the Indian Research Fund Association 368	Creation of the post of Deputy Secretary in the Legislative Assembly Department—Withdrawn 528
Resolution re Amendments to the Indian Legislative Rules—Discussion not concluded 368—85	Indo-British Trade Negotiations—Withdrawn 528
TUESDAY, 24TH AUGUST, 1937—	Extravagance in military operations—Disallowed by the Governor General 528
Member Sworn 409	Recommendations of the Wedgwood Committee's Report—Not moved 528—29
Starred Questions and Answers 409—42	Mr. Mudie's enquiry report into the Bengal Nagpur Railway affairs—Not moved 529
Unstarred Questions and Answers 442—45	Frontier policy of Government—Disallowed by the Governor General 529
Motions for Adjournment re—	Position of Indians in Zanzibar—Barred 529
Perpetuation of the Ottawa Agreement—Not moved 445	Hunger-strike of political prisoners in the Andamans—Adopted 529—30, 559—77.
Reorganisation of the Imperial Secretariat—Disallowed by the Governor General 445—46	The Insurance Bill—Presentation of the Report of the Select Committee 530
Train disaster near Dinapore Station—Not moved 446	Statement re new procedure regarding questions 530—31
Amendment of Indian Legislative Assembly Rules—Adopted 446, 475—92	The Trade Disputes (Amendment) Bill—Referred to Select Committee 531—42
Resolution re Amendments to the Indian Legislative Rules—Adopted as amended 446—53	The Indian Companies (Amendment) Bill—Referred to Select Committee 542—44
The Trade Disputes (Amendment) Bill—Discussion on the motion to refer to Select Committee not concluded 453—75	The Petroleum (Berar Extension) Bill—Passed 544
WEDNESDAY, 25TH AUGUST 1937,—	
Starred Questions and Answers 493—524	

PAGES.	PAGES.
WEDNESDAY, 25TH AUGUST, 1937,—concl'd.	FRIDAY, 27TH AUGUST, 1937,—
The Rules and Regulations Continuance Bill—Passed 545—58	Starred Questions and Answers 645—76
The Federal Court Bill—Discussion on the motion to consider not concluded 558	Unstarred Questions and Answers 676—79
THURSDAY, 26TH AUGUST, 1937,—	Statements laid on the Table 679—94
Starred Questions and Answers 579—604	Election of a Member to the Governing Body of the Indian Research Fund Association 694
Unstarred Questions and Answers 604—08	The Indian Securities (Amendment) Bill—Introduced 694
Motions for Adjournment re—	The Dangerous Drugs (Amendment) Bill—Introduced 694—95
Hunger-strike of the Andamans political prisoners—Barred 608	The Indian Patents and Designs (Amendment) Bill—Introduced 695
Change in the prospectus of the Training Ship "Dufferin"—Ruled out of order 608—11	The Indian Mines (Amendment) Bill—Introduced 695
Inadequate representation of Mussalmans in certain Provincial Cabinets—Disallowed by the Governor General 611	Motion re Report of the Indian Railway Enquiry Committee 695—738
Mr. Mudie's enquiry report into the Bengal Nagpur Railway affairs—Ruled out of order 611—16	MONDAY, 30TH AUGUST, 1937,—
Operations on the North-West Frontier—Disallowed by the Governor General 616—17	Member Sworn 739
Paucity of Muslim Ministers in certain Provinces—Disallowed by the Governor General 616—17	Starred Questions and Answers 739—69
Report of the Royal Commission on Palestine—Disallowed by the Governor General 617	Unstarred Questions and Answers 769—71
The Federal Court Bill—Passed 617—28	Motions for Adjournment re—
The Indian Naturalization (Amendment) Bill—Circulated 628—43	Military aid to Burma—Disallowed by the Governor General 771—72
	Andamans hunger-strike—Not moved 772
	Committee on Petitions 772
	Agreements between the Reserve Bank of India and the Governments of Bihar, Orissa and the Central Provinces and Berar, and the Supplemental Agreement with the Imperial Bank of India 772—85

	PAGES.		PAGES.
MONDAY, 30TH AUGUST, 1937,—<i>contd.</i>		WEDNESDAY, 1ST SEPTEMBER, 1937,—<i>contd.</i>	
The Insurance Bill—Discussion on the motion to consider not concluded	785—827	Starred Questions and Answers	911—41
TUESDAY, 31ST AUGUST, 1937,—		Statements laid on the Table	941—42
Member Sworn	829	Statement <i>re</i> treatment of questions addressed to wrong Departments	942—44
Starred Questions and Answers	829—61	Motion for Adjournment <i>re</i> Negotiations between the Government of India and the Princes in respect of Federation—Disallowed by the Governor General.	944, 960
Postponed Question and Answer	862	* The Moslem Personal Law (<i>Shariat</i>) Application Bill—Presentation of the Report of the Select Committee	944
Unstarred Questions and Answers	862—64	The Insurance Bill—Discussion on the motion to consider not concluded	944—60, 961—81.
Short Notice Questions and Answers	865—66		
The Insurance Bill—Discussion on the motion to consider not concluded .	867—910		
WEDNESDAY, 1ST SEPTEMBER, 1937,—			
Member Sworn	911		

LEGISLATIVE ASSEMBLY DEBATES

(OFFICIAL REPORT OF THE SIXTH SESSION OF THE FIFTH LEGISLATIVE ASSEMBLY.)

VOLUME IV—1937.

LEGISLATIVE ASSEMBLY.

Monday, 23rd August, 1937.

The Assembly met in the Assembly Chamber in Simla, at Eleven of the Clock, being the First Day of the Sixth Session of the Fifth Legislative Assembly, pursuant to Section 63-D (2) of the Government of India Act, as set out in the Ninth Schedule to the Government of India Act, 1935. Mr. President (The Honourable Sir Abdur Rahim, K.C.S.I., Kt.), was in the Chair.

MEMBERS SWORN.

- The Honourable Sir James Grigg, K.C.B., K.C.S.I. (Finance Member) ;
- The Honourable Sir Thomas Alexander Stewart, K.C.I.E., C.S.I. (Member for Industries and Labour) ;
- The Honourable Sir Saiyid Sultan Ahmad, Kt. (Member for Commerce and Railways) ;
- Mr. K. S. Gupta, M.L.A. (Ganjam *cum* Vizagapatam : Non-Muhammadan Rural) ;
- Mr. Thirumala Rao, M.L.A. (East Godavari and West Godavari *cum* Kistna : Non-Muhammadan Rural) ;
- Mr. George Joseph, M.L.A. (Madura and Ramnad *cum* Tinnevely : Non-Muhammadan Rural) ;
- Mr. Ghulam Kadir Muhammad Shahban, M.L.A. (Sind Jagirdars and Zamindars : Landholders) ;
- Mr. Badri Dutt Pande, M.L.A. (Rohilkund and Kumaon Divisions : Non-Muhammadan Rural) ;

(1)

Maulvi Abdur Rasheed Chaudhury, M.L.A. (Assam : Muhammadan) ;
 Raja Bahadur Kushalpal Singh, M.L.A. (United Provinces : Landholders) ;
 Maulana Zafar Ali Khan, M.L.A. (East Central Punjab : Muhammadan) ;
 Mr. Ramayan Prasad, M.L.A. (Patna cum Shahabad : Non-Muhammadan) ;
 Mr. Gauri Shankar Singh, M.L.A. (Gaya cum Monghyr : Non-Muhammadan) ;
 Maulvi Muhammad Abdul Ghani, M.L.A. (Tirhut Division : Muhammadan) ;
 Mr. Govind Vinayak Deshmukh, M.L.A. (Nagpur Division : Non-Muhammadan) ;
 Pandit Shambhu Dayal Misra, M.L.A. (Central Provinces Hindi Divisions : Non-Muhammadan) ;
 Mr. Brojendra Narayan Chaudhury, M.L.A. (Surma Valley cum Shillong : Non-Muhammadan) ;
 Mr. Percival Joseph Griffiths, M.L.A. (Assam : European) ;
 Mr. Abdul Qaiyum, M.L.A. (North-West Frontier Province : General) ;
 Sardar Bahadur Captain Dalpat Singh, M.L.A. (Nominated Non-Official) ;
 Rao Sahib Namasivayam Sivaraj, M.L.A. (Nominated Non-official) ;
 Lieut.-Col. M. A. Rahman, M.L.A. (Nominated Non-Official) ;
 Mr. Charles William Augustus Gidney, M.L.A. (Nominated Non-official) ;
 Shams-ul-Ulema Kamaluddin Ahmad, M.L.A. (Nominated Non-Official) ;
 Mr. Arthur Eric Tylden-Pattenson, M.L.A. (Government of India : Nominated Official) ;
 Mr. Bertie Munro Staig, C.S.I., M.L.A. (Financial Commissioner, Railways) ;
 Mr. Charles MacIvor Grant Ogilvie, C.B.E., M.L.A. (Defence Secretary) ;
 Mr. John Anderson Thorne, C.I.E., M.L.A. (Home Secretary) ;
 Mr. Muhammad Saleh Akbar Hydari, C.I.E., M.L.A. (Secretary, Department of Education, Health and Lands) ;
 Lieut.-Colonel Arthur Edward Broadbent Parsons, C.B.E., D.S.O., M.L.A. (Secretary, External Affairs Department) ;
 Mr. Richard Stanley Purcell, C.I.E., O.B.E., M.L.A. (Government of India : Nominated Official) ;
 Mr. Mead Slade, M.L.A. (Government of India : Nominated Official) ;

Mr. Robert Francis Mudie, C.I.E., O.B.E., M.L.A. (Government of India : Nominated Official) ;
 Mr. Susil Chandra Sen, C.B.E., M.L.A. (Government of India : Nominated Official) ;
 Mr. Rangiah Subra Mani, M.L.A. (Government of India : Nominated Official) ;
 Rao Bahadur K. C. Manavedan Raja, M.L.A. (Madras : Nominated Official) ; and
 Khan Sahib Shaikh Fazl-i-Ilahi, M.L.A. (Punjab : Nominated Official) ;

STARRED QUESTIONS AND ANSWERS.

(a) ORAL ANSWERS.

PROFIT OR LOSS ON BURMA RAILWAYS.

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

- (a) whether the Burma Railways were before separation working at a profit or loss ;
- (b) if calculated from the very inception, what profit or loss has resulted from those railways ; and
- (c) whether out of the Railway Depreciation Fund any amount has been allotted to Burma, and, if so, how much ?

Mr. B. M. Staig : (a) Figures are readily available from the year 1897. They show that from that year to 1899 inclusive the Burma Railways worked at a small loss, thereafter till the end of the financial year 1929-30 at a profit, and subsequently, up to the 31st March, 1937, at a loss.

(b) Profit to the State from their inception to the end of 1936-37 amounted to 231 lakhs.

(c) A credit of Rs. 148 lakhs from the Railway Depreciation Fund has been given to Burma.

Mr. T. S. Avinashilingam Chettiar : In view of the fact that the total profit has been only 231 lakhs, may I know whether such an amount of depreciation could be allotted to the Burma Railways on their separation ?

Mr. B. M. Staig : The question of the amount of the depreciation fund to be allotted to Burma was settled by the Amery Tribunal. The subject was discussed in the Legislative Assembly on the 18th February of this year and in the Council of State on the 20th February. I may perhaps refer the Honourable Member to those debates.

Mr. T. S. Avinashilingam Chettiar : I am quite aware of that discussion. May I know whether, in view of the fact that they are not entitled to so much out of the depreciation fund on account of the fact

that the whole of the depreciation fund has been built out of the depreciation fund going out of the Indian Railways, the Amery Tribunal was right, and if not, whether the Government cannot reopen the question?

Mr. B. M. Staig : The question has been already settled.

Mr. Brojendra Narayan Chaudhury : Did the Government of India press this point before the Tribunal?

Mr. B. M. Staig : I do not think that arises out of this question.

Mr. S. Satyamurti : May I know what are the bases on which this sum of 148 lakhs was settled, as the contribution to the depreciation fund of the Burma Railways?

Mr. B. M. Staig : That does not arise.

Mr. S. Satyamurti : I submit, Sir, it is for the Chair to say whether it arises or not. May I ask for an answer to my question?

Mr. President (The Honourable Sir Abdur Rahim) : The Chair understands the question was considered by the Tribunal and probably the Honourable Member will find the bases in that report.

Mr. S. Satyamurti : It is not there. Therefore, I am asking my Honourable friend whether, according to his knowledge, there were any bases on which the 148 lakhs was arrived at, and if so, what those bases were?

Mr. B. M. Staig : I shall require notice of that question.

Mr. Lalchand Navalrai : May I know whether there was any debt due from the Burma Railways to the Indian Railways when they separated and whether any account of that was taken?

Mr. B. M. Staig : I should like to have notice of that question.

Mr. Lalchand Navalrai : May I know if when the separation took place any adjustment was made with regard to this depreciation and with regard to other items between the railways when they were separated?

Mr. B. M. Staig : All I can say is that the payment of 148 lakhs was one of the items in the settlement with Burma between the Governments of India and Burma in accordance with the award of the Amery Tribunal.

Mr. Lalchand Navalrai : Is the Honourable Member in possession of any facts to give us anything more than that with regard to this depreciation alone?

Mr. B. M. Staig : If the Honourable Member will give me the questions to which he wishes an answer, I shall endeavour to supply it.

CONSTITUTION OF THE STANDING COMMITTEE FOR THE DEPARTMENT OF COMMERCE.

2. ***Mr. T. S. Avinashilingam Chettiar :** Will the Commerce Member state :

(a) what the purposes are for which the Standing Committee for Commerce was originally constituted in the Assembly;

(b) how many times the Committee was summoned and consulted last year or this year; and

(c) whether they propose to consult the Committee on such outstanding questions as the Indo-British and the Indo-Japanese Trade Agreements?

The Honourable Sir Saiyid Sultan Ahmad : (a) The attention of the Honourable Member is invited to the Home Department Notification No. F.49, dated the 22nd August, 1922, as subsequently amended, a copy of which is in the Library.

(b) No Standing Committee for the Commerce Department could be constituted for the year 1936-37 as the motion for the election of Members of this House to serve on the Committee was negatived by the House in April, 1936. A Committee has been constituted this year and it is proposed to summon a meeting as soon as possible, during the current Session.

(c) The questions to be placed before the Committee do not include the Indo-British and Indo-Japanese Trade Agreements. Negotiations regarding the latter, that is, the Indo-Japanese Agreement was finished some time back and Government was assisted in them by representative commercial and agricultural advisers. The Government of India delegate to the Indo-British trade negotiations is also receiving the assistance of a panel of non-official advisers.

Mr. T. S. Avinashilingam Chettiar : May I know if the Standing Committee attached to the Commerce Department is not to be consulted on these very important activities connected with the commerce of this country, for what other purposes is this committee to be consulted?

The Honourable Sir Saiyid Sultan Ahmad : But for the fact that the Indo-British trade negotiations are carried on by the delegates with the help of extremely competent non-official advisers and also official advisers, the matter would certainly have been referred to the Standing Committee, but under the circumstances the Government do not consider that any good would come out by a reference to the Standing Committee.

Mr. T. S. Avinashilingam Chettiar : Are the Government aware that last year the motion for the constitution of a Standing Committee was thrown out on the sole ground that it was never summoned even once in the previous year even though very important things were pending?

The Honourable Sir Saiyid Sultan Ahmad : However, Government propose to summon the Standing Committee as soon as possible and whenever necessary.

Mr. S. Satyamurti : In view of these important negotiations which are now going on, will Government be pleased to refer this matter to the Standing Committee?

The Honourable Sir Saiyid Sultan Ahmad : I will find it out.

Mr. S. Satyamurti : May I know whether these non-official advisers, who are now engaged in these trade negotiations in England, were selected in consultation with this House?

The Honourable Sir Saiyid Sultan Ahmad : I submit that does not arise out of this question, but I may say that these non-official advisers are such competent men that I am sure the House has got the fullest confidence in them.

Mr. S. Satyamurti : May I know how the Government have come to the conclusion that, in view of the fact that these delegates were not selected in consultation with this House, they would take the place of those who have been elected by this House, viz., the Committee.

The Honourable Sir Saiyid Sultan Ahmad : I submit that is a matter of opinion and the question does not really arise out of the question that is already put.

Mr. S. Satyamurti : May I know the reasons why, apart from the fact that there is already a delegation in England, the Government will not refer the matter to the Standing Committee elected by this House, in such an important matter as the Indo-British Trade Agreement?

The Honourable Sir Saiyid Sultan Ahmad : If the Government consider it absolutely necessary to refer this question to the Standing Committee, they will do so, but at present they do not think it is necessary to do so.

Qazi Muhammad Ahmad Kazmi : Will the Government consider and let us know the standard by which they propose to refer certain questions to this Standing Committee?

Mr. President (The Honourable Sir Abdur Rahim) : That does not arise out of this.

Mr. K. Santhanam : May I know if the final decisions arrived at on this question will be referred to this House?

Mr. T. S. Avinashilingam Chettiar : May I know whether Government propose to consult the Standing Committee before coming to a final decision on this question.

Mr. President (The Honourable Sir Abdur Rahim) : He has answered it already.

APPOINTMENT OF A TRADE COMMISSIONER FOR BURMA.

3. ***Mr. T. S. Avinashilingam Chettiar :** Will the Commerce Member state :

(a) whether there is any proposal to appoint a Trade Commissioner for Burma; and

(b) if not, whether Government are prepared to consider the advisability of appointing one in view of the importance of trade and other relations existing between the two countries?

The Honourable Sir Saiyid Sultan Ahmad : (a) No.

(b) No. I would in this connection invite the attention of the Honourable Member to the India and Burma (Trade Regulation) Order, 1937, a copy of which is in the Library.

Mr. T. S. Avinashilingam Chettiar : May I know if the Government are aware that a large number of Indians have settled in Burma and are trading there?

The Honourable Sir Saiyid Sultan Ahmad : Government are aware of it.

Mr. Lalchand Navalrai : May I know whether there is any difference in the functions and powers of this Committee, I mean the Standing Committee and other Committees?

Mr. President (The Honourable Sir Abdur Rahim) : Perhaps the Honourable Member is thinking of the last question. (Laughter.)

STATEMENT OF THE INCOME-TAX EXPERTS REGARDING INCOME-TAX ON PENSIONS EARNED IN BRITISH INDIA.

4. ***Mr. T. S. Avinashilingam Chettiar :** (a) Will the Law Member state whether he is aware of the following statement of the Income-tax experts on page 9 in their Report :

"Liability should not depend upon the accident of the place at which the pension may be made payable, but should extend to all pensions earned in British India."

(b) In view of the above statement, have Government made any representations to His Majesty's Government to amend section 272 of the Government of India Act?

The Honourable Sir Nripendra Sircar : I am unable to reply to this question which should have been addressed to the Honourable the Finance Member.

Mr. T. S. Avinashilingam Chettiar : I thought this was a matter to be settled by the Government themselves. May I have your ruling on this matter, Sir, as to whether this is to be addressed to the Finance Member or to the Honourable the Leader of the House?

Mr. President (The Honourable Sir Abdur Rahim) : It is a departmental matter. I myself have got to accept the arrangement which they make among themselves. I do not know what the inter-departmental arrangements are in a matter like this.

The Honourable Sir James Grigg : If it meets the wishes of the House, with your permission, Sir, I am prepared to give an answer to this question now.

(a) Yes.

(b) No.

Mr. T. S. Avinashilingam Chettiar : May I know, Sir, why the answer to (b) is no?

The Honourable Sir James Grigg : I do not see any reason why we should try to interfere with a matter which has been already settled by the Government of India Act of 1935.

Mr. S. Satyamurti : They are losing a large sum of money on pensions; section 272 of the Government of India Act prohibits the levying of income-tax on those pensions. May I know the reasons why the Government propose to acquiesce in that decision, and why they do not propose to re-open the subject with His Majesty's Government?

The Honourable Sir James Grigg : Respect for the law.

Mr. S. Satyamurti : May I know if respect for law means that, once a law is enacted, you ought not to amend it? It is a frivolous

answer, I submit. I am not asking you to disobey the law, but I am asking the Government to move the proper authorities, and see if the law cannot be amended, in order to put the income-tax law of this country on a more reasonable and proper footing, a law which has been made by my Honourable friend's own countrymen!

The Honourable Sir James Grigg : My Honourable friend, who has quoted the experts, will see that they themselves have said that so far as certain Government pensions are concerned, the matter is concluded by section 272 of the Government of India Act.

Mr. S. Satyamurti : That is a mere statement of fact.

The Honourable Sir James Grigg : I respect that statement of fact.

Mr. S. Satyamurti : Will not the Honourable Member be pleased to take up this matter with His Majesty's Government? If he will not do so, I may warn him that we will not co-operate with him.

Mr. T. S. Avinashilingam Chettiar : In view of the importance of this question, have the Government made any representations to His Majesty's Government? The law does not prevent them from doing so.

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

Mr. T. S. Avinashilingam Chettiar : Have the Government of India made any representations to His Majesty's Government on this point?

The Honourable Sir James Grigg : I have already said that Government see no reason to interfere with a matter which has already been decided.

Mr. T. S. Avinashilingam Chettiar : Are the Government aware that they are already suffering a huge loss?

Mr. Sri Prakasa : Did not the Honourable Member place in the hands of his experts a copy of the Government of India Act, so that such remarks might not have been made?

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

RELATIONSHIP BETWEEN THE GOVERNOR GENERAL IN COUNCIL AND THE PROVINCIAL GOVERNMENTS.

5. ***Mr. Sri Prakasa :** (a) Will the Honourable the Law Member state what the relationship *de facto* and *de jure* is between the Governor General in Council and the present Provincial Governments?

(b) Has the Governor General in Council considered the situation in the various provinces, and if so, did they make any suggestions to the persons concerned for the easing of the situation in such provinces where there has been a struggle between Governors and the leaders of the majority parties in the Legislatures with regard to the acceptance of ministerial office?

The Honourable Sir Nripendra Sircar : (a) The relationship between the Provincial Governments and the Governor General in

Council is regulated by the provision of the Government of India Act, 1935, particularly part VI of the Act. I would also invite the attention of the Honourable Member to paragraphs 8-12 of the Instrument of Instructions to the Governor General.

(b) The matter is outside the purview of the Governor General in Council.

Mr. T. S. Avinashilingam Chettiar : May I know, Sir, when opinions are wanted from Provincial Governments, whether the letters are addressed to the Governors of the Provinces individually or to the Governments of the provinces concerned?

The Honourable Sir Nripendra Sircar : I submit, Sir, that does not arise out of my answers.

Mr. Sri Prakasa : I am sorry I could not hear the answer to part (b). Will the Honourable Member please repeat it?

The Honourable Sir Nripendra Sircar : I am sorry I could not make myself heard. The answer is—“The matter is outside the purview of the Governor General in Council”.

Mr. S. Satyamurti : May I know if the Governor General in Council was ever consulted by the Government of India in respect of the situation in the provinces?

The Honourable Sir Nripendra Sircar : That does not arise out of this.

Mr. S. Satyamurti : I ask for your ruling, Sir. It is open to the Honourable Member to say that it is not in the public interest to give the answer. Otherwise, I submit I am entitled to an answer as to whether they were consulted by the Governor General in respect of the situation in the provinces.

The Honourable Sir Nripendra Sircar : I submit that question does not arise out of any of the answers I have given.

Mr. President (The Honourable Sir Abdur Rahim) : Unless there is any sort of ambiguity in the answer given, surely the Honourable Member is not entitled to put further questions.

Mr. S. Satyamurti : It is not ambiguity, Sir, but it is obscurity. The question, Sir, is whether the Governor General in Council considered the situation in the various provinces, and if so, whether they made any suggestions to the persons concerned. I am asking Government to throw some light on this matter as to whether, as a matter of fact, the Governor General in Council did offer any advice or whether they were ever asked for any advice by the persons concerned with regard to the position in the provinces.

Mr. President (The Honourable Sir Abdur Rahim) : I understand that the answer was that the Governor General in Council had nothing to do with the matter.

Mr. S. Satyamurti : Legally, yes.

Mr. President (The Honourable Sir Abdur Rahim) : Informally—I do not think that the Honourable Member is entitled to ask about informal consultations.

Mr. S. Satyamurti : I want to know whether, as a matter of fact, they were consulted.

Mr. President (The Honourable Sir Abdur Rahim) : If the Honourable the Leader of the House is prepared to answer that, I have no objection.

The Honourable Sir Nripendra Sircar : I am not prepared.

Mr. S. Satyamurti : Why ?

The Honourable Sir Nripendra Sircar : That was a question put to me by the Honourable the President and I gave the reply.

Mr. S. Satyamurti : I submit for your consideration, Mr. President, that the Honourable Member is entitled to say, " In the public interests, I will not answer a question ". But he cannot say arbitrarily, " I won't answer ".

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable the Leader of the House has appealed to me often—I do not know how often—but the Government Member need not say on every occasion when he is not in a position to answer a question, that it is not in the public interest to do so. I have ruled to that effect that it is not necessary to do so.

Mr. Muhammad Azhar Ali : Part (b) of the question says : " Has the Governor General in Council considered the situation in the various provinces ? " My question is, has the Honourable the Law Member consulted the Governor General in Council on this point and then given this reply ?

The Honourable Sir Nripendra Sircar : My answer was : " The matter is outside the purview of the Governor General in Council ". I again submit that this question does not arise.

Mr. Bhulabhai J. Desai : The terms of the question are these : " Has the Governor General in Council considered the situation in the various provinces, and if so, ". The question asked is a question of fact and it cannot be answered by way of evasion by saying that in law there is some other situation. It must be answered as a question of fact. I want to ask, I repeat the question, whether, in fact, the Governor General in Council did consider the situation.

Mr. Sri Prakasa : Did or did not ? Answer. (Laughter.)

The Honourable Sir Nripendra Sircar : Will you kindly repeat the question ?

Mr. Bhulabhai J. Desai : I will repeat my question. The question is one of fact and no opinion of law is asked whether it was in their purview or not. Therefore, my question is, whether, in fact, the Governor General in Council considered the situation referred to in part (b) of the question.

The Honourable Sir Nripendra Sircar : The answer has got to be split up into two parts. As regards whether the Governor General in Council considered the situation in the various provinces, the answer is Yes. As regards the other part, " If so, did they make any suggestions to the persons concerned for the easing of the situation in such provinces ", I refuse to answer on the ground of public interest.

Mr. Sri Prakasa : Public interest apart, will not the Honourable Member consider the desirability of answering the question on the ground of private interest ? Is it not in the interests of Government to tell the world what herculean labours have been undertaken to clear the Augean stables of local potentates to put this upright ?

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

VIEWS OF MEMBERS OF LEGISLATURES ON BILLS CIRCULATED FOR ELICITING PUBLIC OPINION.

6. ***Mr. Sri Prakasa :** Will the Honourable the Leader of the House state :

- (a) if there is a rule that individuals or institutions desiring to send their views on Bills circulated for public opinion must do so through Provincial Governments, except the European Associations who can deal direct with the Legislative Assembly Department ;
- (b) if there is a rule that the Legislative Assembly Department is not to send the Bills directly to individuals and institutions but must do so through Provincial Governments ; if so, why if at all, is an exception made in the case of European Associations in the matter ;
- (c) if it is not a fact that the Honourable the President on one occasion said in the House that if Honourable Members would ask the Legislative Assembly Department to send Bills to any particular institutions, the Department will attend to the request ;
- (d) if there is any rule that Bills are not to be circulated to Members of the Indian Legislative Assembly and the Council of State ;
- (e) whether it is a fact that the statement of my views on the Indian Oaths Amendment Bill was sent back by the Legislative Assembly Department and I was asked to send them through the Provincial Government ; if so, under what rule was this done ;
- (f) whether Government propose to consider the desirability of obtaining the views of the Members of the Legislature when they circulate Bills for public opinion ; and
- (g) whether it is not a fact that when Bills are circulated through Provincial Governments only a few Members of the legislature are asked for their opinion ?

The Honourable Sir Nripendra Sircar : (a) and (b). There is no rule to this effect but it is an established practice that opinions on Bills are not obtained direct from any individual or institution on the ground that unless the opinions are received through the Provincial Governments it is not possible to know the weight of the opinion behind the views expressed. The European Association and the Anglo-Indian and Domiciled European Association are consulted direct on Bills circulated for opinion as these are all-India organisations and their branches are scattered over the whole of India, and they applied for permission to

send opinions direct in 1927. Such permission was granted but they were warned that the matter will be reconsidered if other associations similarly applied. That understanding holds good and the matter will be reconsidered if necessary.

(c) No, what the Honourable the President said was that "the Honourable Member can make that suggestion to the Legislative Assembly Department".

(d) No.

(e) Yes. This was done in accordance with the long established practice.

(f) The Honourable Member is referred to the answer I gave to his starred question No. 254 (a) on the 26th January, 1937. The Members of the Indian Legislature under whose direction a Bill is circulated for opinion are entitled to express their views in the Legislature whenever a Bill is taken up for discussion as well as in the Select Committee.

(g) The Legislative Assembly Department has no such information and no complaint of this nature has been made before. I may add that the Legislative Assembly Department requested the Local Government on the 21st December, 1936, to place a certain number of copies of such Bills in the Library of their Legislatures, and they are acting upon this request.

Mr. Sri Prakasa : With reference to the answer of the Honourable Member to part (a) of the question, may I ask if it is not a fact that opinions on his pet Insurance Bill have been received from individuals and associations direct, and for this purpose I may refer him to Opinions Nos. 65 to 71?

The Honourable Sir Nripendra Sircar : What is No. 65?

Mr. Sri Prakasa : I do not know, but I may inform the Honourable Member that there is one individual. One gentleman called Mr. Jagdish Prasad—he may be a famous man, I do not know him—his opinion was received direct and there were also various associations whose opinions were received direct.

Mr. President (The Honourable Sir Abdur Rahim) : By whom?

Mr. Sri Prakasa : By the Legislative Department.

Mr. President (The Honourable Sir Abdur Rahim) : By the Legislative Department or by the Legislative Assembly Department?

Mr. Sri Prakasa : I am not learned in the law; I do not differentiate between these two departments. My submission is this. Usually we receive opinions which are supposed to come through the Provincial Governments, but this time we have received enormous volumes which may just as well have never been printed, which came directly to this office and were circulated to us. Why were these exceptions made?

The Honourable Sir Nripendra Sircar : My Honourable friend does not expect me to remember what is Opinion No. 65 and what is Opinion No. 71. I do not carry that in my head, but I do protest that in the guise of framing these questions he should make a number of observations which were no part of the questions, such as, that these should not

have been printed, this should not have been done, that should have been done, and so on. They were no part of the questions and I protest.

Mr. Sami Vencatachalam Chetty : Arising out of the answer to part (a) of the question, may I know whether the Federation of Chambers of Commerce have got the right to send their opinions directly?

Mr. President (The Honourable Sir Abdur Rahim) : It is really not possible for the Honourable Member to say offhand. He has said as regards the European Association that the matter will be reconsidered if necessary.

Mr. Sri Prakasa : I am very sorry that I have annoyed the Honourable Member. With reference to his reply to part (f), is he not aware that it is not always possible for all Members of the Legislature to be able to speak on any particular Bill that is before the House, and in that view, will he not consider the desirability of sending the Bills for opinion to individual Members?

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

Mr. Sri Prakasa : With due respect, I should have thought that the impossibility of every Member to speak was a fact and not an argument.

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

Mr. Sri Prakasa : With due respect, may I say that it is a long question and you may please permit a few more supplementaries.

Mr. President (The Honourable Sir Abdur Rahim) : I have considered that question very carefully. I have called on the next question

DEBARRING INDIA FROM EXPORTING SUGAR EXCEPT TO BURMA.

7. ***Mr. T. S. Avinashilingam Chettiar :** Will the Honourable the Commerce Member state :

(a) whether it is true that in the recent International Sugar Conference, the Government of India have agreed to a provision debarring India from exporting sugar except to Burma;

(b) whether the convention was signed subject to the ratification of the Central Legislature; and

(c) if so, whether Government propose to place the convention before the House in this Session?

The Honourable Sir Saiyid Sultan Ahmad : As there are various matters involved in this question, Government have decided to allot a day for the consideration of these matters. It is rather unsatisfactory to deal with the very big problems involved here in the course of a reply to short questions. The answers cannot be as full as one would like them to be. I would suggest therefore that the Honourable Member might withdraw this question in view of the fact that Government are allotting a day for a full discussion on this subject.

Mr. T. S. Avinashilingam Chettiar : May I know the answer to part (b)?

The Honourable Sir Saiyid Sultan Ahmad : The answer is 'No'.

Mr. S. Satyamurti : May I know if the Honourable Member will kindly inform us whether Government will stay their hands in respect of implementing this agreement, until the House has had an opportunity of discussing and deciding this matter on the day on which Government will place it before this House?

The Honourable Sir Saiyid Sultan Ahmad : The question is the responsibility of the Government of India. The ratification has to be done by the Government of India and as this is a very important matter, Government would like that there should be a full discussion in the House. More than that I cannot say.

Mr. M. Ananthasayanam Ayyangar : Is the discussion in this House to take place before or after the ratification is made?

The Honourable Sir Saiyid Sultan Ahmad : Before.

LEASING OUT OF PLOTS OF LAND TO STONE MERCHANTS FOR STAKING PURPOSES OUTSIDE DHAURA STATION ON THE GREAT INDIAN PENINSULA RAILWAY.

8. ***Mr. Sri Prakasa :** Will the Honourable Member for Commerce and Railways state :

- (a) whether it is a fact that plots of land measuring 50 ft. $\times$ 50 ft. were leased out by the Great Indian Peninsula Railway outside the station of Dhaura near Jhansi in the United Provinces to stone merchants for stacking purposes at the rate of Re. 1 per annum and that the same was suddenly increased to Rs. 10 per annum in August 1936 ;
- (b) what the exact circumstances were in which this sudden enhancement was made and what, if any, has been the additional profit to the Railway because of this ;
- (c) whether it is a fact that the local stone merchants of Dhaura appealed to the Agent against this order telling him of their difficulties and the profit that they have been able to give to the Railway on account of their efforts to procure custom ;
- (d) whether it is a fact that the Agent dismissed the application in February 1937, saying that he did not regard the charge as excessive and that Rs. 10 was the standard rate on plots of 50 ft. $\times$ 50 ft. and that it was not possible to quote different rates for equal plots of lands at different stations ;
- (e) if so, whether Government agree with the principle laid down by the Agent of fixing a standard rate at all stations regardless of local conditions ; and
- (f) whether Government are prepared to ask the railway administration to re-consider their decisions in this behalf ?

The Honourable Sir Saiyid Sultan Ahmad : (a)–(f). The matter is one which is entirely within the province of the Railway Administration.

If the facts are as stated Government are of the opinion that the rate of Rs. 10 is a reasonable one for a plot of the area mentioned.

Mr. Sri Prakasa : Am I to understand from the reply of the Honourable Member that all those things that are within the province of the railway administration and in regard to which the railway is not administering properly we should not ask any questions here?

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member has not said anything of the kind.

Mr. Sri Prakasa : The Honourable Member said that this was within the province of the railway administration. Does not that imply that the question here is futile?

Mr. President (The Honourable Sir Abdur Rahim) : That was not the intention of the Honourable Member.

Mr. M. Ananthasayanam Ayyangar : I would invite your attention to Rule 35 on page 15 of the Manual of Business which says : A question addressed to a Member of the Government must relate to the public affairs with which he is officially connected or to a matter of administration for which he is responsible.

I am asking your ruling whether.....

Mr. President (The Honourable Sir Abdur Rahim) : No ruling is necessary. I am dealing with these questions every day.

Mr. Sri Prakasa : Is not the Honourable Member aware that the prices of land are different in different places in accordance with local conditions and is it not unwise to fix a flat rate for all places as that may interfere with the earning of the railway itself.

The Honourable Sir Saiyid Sultan Ahmad : I have already answered that question. I said " If the facts are as stated, Government are of the opinion that the rate of Rs. 10 is a reasonable one for a plot of the area mentioned ".

Mr. Sri Prakasa : There are various areas. The Agent's letter to the persons concerned is that they have fixed a flat rate and that they do not want to change it. I can supply a copy of it to the Honourable Member if he so desires. Does not the Honourable Member think that it is a dangerous principle to lay down, namely, that there should be a flat rate for all stations, as the prices of land at various stations are obviously different.

The Honourable Sir Saiyid Sultan Ahmad : I have answered the question.

Mr. Lalchand Navalrai : May I know from the Honourable Member if he will be prepared to send a copy of the question and answer to the authorities concerned, so that they may reconsider the matter.

The Honourable Sir Saiyid Sultan Ahmad : I shall consider that and I may draw their attention to it.

FREIGHT ON TEA CHARGED BY THE ASSAM BENGAL RAILWAY BETWEEN CERTAIN STATIONS.

9. ***Maulvi Abdur Rasheed Chandhury :** Will the Honourable Member in charge of Railways please state :

- (a) the distance between Kulaura and Fenchuganj railway stations on the Assam Bengal Railway and the freight charged per

maund of tea by the Assam Bengal Railway for this distance and what is the freight of tea for this distance in the Eastern Bengal Railway and East Indian Railway or even in the Assam Bengal Railway in other places ;

- (b) the distance between Baramchal and Fenchuganj railway stations on the Assam Bengal Railway and the freight charged per maund of tea by that Railway and how does this freight compare with that for similar distances on the Eastern Bengal Railway and the East Indian Railway and the Assam Bengal Railway in other places ;
- (c) the reason for the high freight charged by the Assam Bengal Railway between Kulaura and Fenchuganj and between Baramchal and Fenchuganj ;
- (d) whether it is a fact that to avoid payment of high freight many gardens send their tea by boat or cart to Fenchuganj ; and
- (e) whether the Assam Bengal Railway intend to reduce the freight so that tea may not be sent by boat or cart to Fenchuganj instead of sending it by Railway, and if not, why not ?

The Honourable Sir Saiyid Sultan Ahmad : (a) Kulaura to Fenchuganj station : mileage—16 miles.

Freight per maund of tea—As. 2-8.

The freight for a similar distance would be

- (i) on Eastern Bengal Railway—As. 2-6.
- (ii) on East Indian Railway—As. 1-9.

(b) Baramchal to Fenchuganj station : mileage—9 miles.

Freight per maund of tea—As. 1-11.

The freight for a similar distance would be

- (i) on Eastern Bengal Railway—As. 1-9.
- (ii) on East Indian Railway—As. 1-5.

(c) The freight charges shown above are the ordinary tariff rates over the Railways in questions. The reason for the disparity between the Assam Bengal and Eastern Bengal Railways and the freight over the East Indian Railway is that the classification of tea on the first two named Railways is higher (9th class) than on the East Indian Railway where it is 4th class.

(d) Government have no information, but, in view of the short distances involved, consider it not unlikely that tea is sent by gardens in the locality by road to Fenchuganj and thence by river steamer.

(e) Government have no information, but consider it unlikely that the Assam Bengal Railway intend to reduce the freight in order to encourage despatches by river steamer *via* Fenchuganj.

Maulvi Abdur Rasheed Chaudhury : Is it not a fact that the freight by steamer is lower than that by train and in order to prevent gardens sending out tea by steamer, the high freight is charged in train.

The Honourable Sir Saiyid Sultan Ahmad : I have no such information.

Maulvi Abdur Rasheed Chaudhury : Am I correct if I say that on account of the rivalry between the Assam Bengal Railway and the Eastern Bengal Railway, the tea industry is penalised by this high freight.

The Honourable Sir Saiyid Sultan Ahmad : I have no such information but I may inform the House that the higher classification on the Assam Bengal Railway and the Eastern Bengal Railway is on account of the importance of this commodity to these railways. In actual practice, lower rates are quoted by the Assam Bengal Railway for despatches to Chittagong by the all rail route but the full rate is maintained for despatches by the rail *cum* river route.

Maulvi Abdur Rasheed Chaudhury : Is it not a fact that as many as five gardens are sending their tea by cart and boat instead of sending it by train ?

The Honourable Sir Saiyid Sultan Ahmad : Government have no information.

Maulvi Abdur Rasheed Chaudhury : Will the Honourable Member inform the House what loss the railway authorities are incurring on account of this high freight ?

The Honourable Sir Saiyid Sultan Ahmad : I would like to have notice of that question.

INAUGURATION OF THE FEDERATION.

10. ***Mr. Badri Dutt Pande :** Will the Honourable the Leader of the House state :

- (a) how the scheme of the Federal Legislature has progressed ;
- (b) whether he is in a position to state when fresh elections to the Federal Legislature are going to be held ; and
- (c) whether the press reports that most of the Princes are not willing to enter into the Federation have any basis ?

The Honourable Sir Nripendra Nath Sircar : I regret I am not in a position to furnish any information on the points raised by the Honourable Member in his question.

Mr. Badri Dutt Pande : May I inquire the reason why ?

The Honourable Sir Nripendra Sircar : The reason is this. Part (a) of the question wants to know how the scheme of the Federal Legislature has progressed. Honourable Members are aware that negotiations are going on with the Princes with a view to Federation. How am I to answer the question as to how far the scheme of the Federal Legislature has progressed. The only statement of fact that I can make is that negotiations are going on with the Princes with a view to inaugurate Federation. That is all I can say.

Mr. M. A. Jinnah : What are the chances ?

Mr. Badri Dutt Pande : Is it a fact that the Princes are not willing to enter the Federation but they are being coerced by the Political Department of the Government of India ?

Mr. M. Asaf Ali : Is it not a fact that the preparation of the electoral rolls has been already ordered and is being carried out ?

The Honourable Sir Nripendra Sircar : There is another question about it.

Mr. Lalchand Navalrai : May I know from the progress so far made whether there is a probability of their agreeing ?

(No answer.)

INAUGURATION OF THE FEDERATION AND EXTENSION OF THE LIFE OF THE
INDIAN LEGISLATIVE ASSEMBLY.

11. ***Mr. S. Satyamurti :** Will the Honourable the Leader of the House be pleased to state :

- (a) whether any Indian Prince or Princes have agreed to join the proposed Indian Federation ; and if so, who and how many ;
- (b) whether the Federation is proposed to be inaugurated on the 1st April 1938 ;
- (c) whether any Instrument or Instruments of Accession have been prepared ;
- (d) what are the main outstanding points of dispute for discussion between the Government of India and the Princes regarding the proposed Indian Federation ; and
- (e) whether any decision has been arrived at with regard to the life of the Indian Legislative Assembly, and if so, what ?

The Honourable Sir Nripendra Sircar : (a) to (d). Government are not in a position at this stage to furnish any information to the Honourable Member on the points raised.

12 NOON.

(e) His Excellency the Governor General has announced his decision to extend the life of the Assembly for a period the duration of which he has reserved for subsequent determination.

Mr. S. Satyamurti : May I ask my Honourable friend, in despair and not in hope, with regard to the answer to clauses (a) to (d) of the question, what the inability of the Government to answer this question is due to,—either to want of information, or to unwillingness to answer this question ?

The Honourable Sir Nripendra Sircar : I should say impossibility. If I may explain ; the fact is that when negotiations are going on, it is not possible to say that they have agreed or that they have disagreed.

Mr. S. Satyamurti : May I take it that, in the case of every Prince in India, the negotiations are still in a nebulous state and that no single Prince has definitely agreed to join the Federation ?

The Honourable Sir Nripendra Sircar : There are seven hundred Princes, and I cannot speak with certainty and say whether negotiations

are going on with every one of them ; as the stage of negotiations is not finished, I can only repeat what I have said.

Mr. S. Satyamurti : May I take it that negotiations even with a single Prince are not yet finished ?

The Honourable Sir Nripendra Sircar : I think my answer is clear.

Mr. S. Satyamurti : With regard to clause (d) of the question, what is the present calculation of the Government of India, as regards the probable date of the inauguration of the Federation ?

The Honourable Sir Nripendra Sircar : I hope my friend will not think I am evading the question, but that is really a matter for an astrologer. (Laughter.)

Mr. S. Satyamurti : I want the astrologer to answer, not the representative of the Government. With regard to part (c) of the question, may I know whether the attention of the Government has been drawn to a report in the newspapers recently, that the Secretary of State for India has sent out to the Government of India a draft instrument of accession with his suggestions, and whether Government have now received that ?

The Honourable Sir Nripendra Sircar : My impressions are not very definite but I think that the answer ought to be yes.

Mr. S. Satyamurti : May I ask whether the Government are sending out the amended draft instrument of instructions for the Princes' consideration ?

The Honourable Sir Nripendra Sircar : I want notice.

Mr. S. Satyamurti : With reference to clause (d) of the question, may I know whether any of these outstanding points of discussion between the Government of India and the Princes involve questions of finance concerning federal India, and whether the Honourable the Finance Member or the Finance Department have been and are being consulted, as to the effect of these outstanding points on the finances of federal India ?

The Honourable Sir Nripendra Sircar : When negotiations are going on, in the public interest I refuse to disclose any of these negotiations.

Mr. S. Satyamurti : With reference to clause (e), apart from the communiqué recently issued, may I ask whether Government have recently considered the question, and come to any decision as regards the life of the Assembly, or whether my Honourable friend can give us any indication roughly of the probable life ?

The Honourable Sir Nripendra Sircar : There is no question of the Governor General in Council ; the matter is for the decision of the Governor General and I have answered that he has not come to any decision yet and it is kept for future determination.

Mr. S. Satyamurti : Will Government consider the desirability of announcing the decision as soon as possible, so that we may get ready for the elections ?

The Honourable Sir Nripendra Sircar : Government cannot undertake to do what is the statutory duty of the Governor General.

Qazi Muhammad Ahmad Kazmi : May I ask as to what is the maximum and minimum period which His Excellency the Governor General is considering for the extension of the life of the Assembly ?

The Honourable Sir Nripendra Sircar : I have no information to give.

Qazi Muhammad Ahmad Kazmi : May I ask whether the question is of more than a year or less than a year ?

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member has already answered that.

Mr. Mohan Lal Saksena : May I ask if the Governor General in Council was consulted by the Governor General in this matter ?

The Honourable Sir Nripendra Sircar : I submit I am not compelled to disclose that ; in the public interest I refuse to disclose confidential communications if any exist.

†12*

Mr. S. Satyamurti : I do not put (a) or (c) of question No. 13, but I put only part (b) of the question.

DISCUSSION IN THE INDIAN LEGISLATIVE ASSEMBLY OF PROPOSALS MADE BY THE WEDGWOOD COMMITTEE.

13. ***Mr. S. Satyamurti :** Will the Honourable the Railway Member be pleased to state :

- (a) * * * *
- (b) whether Government will stay their hands in respect of passing orders on these proposals, till the Assembly has expressed its opinion thereon ; and
- (c) * * * *

The Honourable Sir Saiyid Sultan Ahmad : (b) The Report contains many recommendations on matters of varying degrees of importance. On certain of these relating to technical aspects of railway administration, the Railway Board are already taking some action, but major issues of policy are still under the consideration of the Government of India. The proximity of the discussion alluded to in the reply to clause (a) of this question will enable Government to take the opinion of the Assembly into consideration in arriving at their decisions thereon.

Mr. Mohan Lal Saksena : May I know if the report will be supplied to Members of the House ?

The Honourable Sir Saiyid Sultan Ahmad : I do not know the practice, as to whether such reports are supplied ; if that is the practice, they will be supplied.

Mr. Mohan Lal Saksena : If it is not supplied to Honourable Members, how are they to discuss the report ?

The Honourable Sir Saiyid Sultan Ahmad : I shall try and comply with the request.

†This question was not put by the questioner.

REFORMS OFFICE.

14. ***Mr. S. Satyamurti :** Will the Honourable the Leader of the House be pleased to state :

- (a) the present personnel of the Reforms Office and the total monthly bill for the Officers and the Establishments ;
- (b) how long the Reforms Office has been working ; and
- (c) how much longer it is proposed to continue it ?

The Honourable Sir Nripendra Sircar : (a) I lay a statement on the table. The total monthly bill for the officers and the establishments is Rs. 15,450 and Rs. 5,513, respectively.

(b) The Reforms Office has been in existence, as a separate Department of the Government of India, since the 15th May, 1930.

(c) It is impossible to say at present for how long a separate Reforms Office will be necessary. The whole office is on a temporary basis and will not be continued longer than is absolutely necessary.

Statement.

PERSONNEL OF THE REFORMS OFFICE.

- One Reforms Commissioner.
- One Joint Secretary.
- Two Officers on Special Duty.
- One Assistant Secretary.
- Three Superintendents (one of whom is the Chief Superintendent).
- Twelve Assistants.
- Ten clerks.
- Three Stenographers.
- Twenty-nine inferior servants.

Mr. S. Satyamurti : May I know that every year the need for continuance of the office is being examined, and a fresh decision is being arrived at by the Government ?

The Honourable Sir Nripendra Sircar : Certainly.

Mr. S. Satyamurti : May I know, now that the Government of India Act has been passed, and negotiations with the Princes for joining the Federation are going on, what are the main functions of this Reforms Office ?

The Honourable Sir Nripendra Sircar : My recollection is that I answered this question at great length on a previous occasion, but if I am wrong, I shall be glad to do that if notice is given to me.

Mr. S. Satyamurti : I am asking this question as most of the reforms are already in actual working ; I should like to ask whether there are any new functions which are being attached to this Department.

The Honourable Sir Nripendra Sircar : Obviously their functions cannot possibly come to an end until we get the Federation, and apart from Federation there are other duties.

Mr. S. Satyamurti : May I know if one of the functions of this Reforms Office is to act as advisers to the Governor General in matters coming within the discretion, or his individual judgment ?

The Honourable Sir Nripendra Sircar : I am not compelled to reply to that question.

NEGOTIATIONS FOR THE REPLACEMENT OF THE OTTAWA TRADE AGREEMENT.

15. *Mr. S. Satyamurti : Will the Honourable the Commerce Member be pleased to state :

- (a) at what stage the negotiations between Great Britain and India for the replacement of Ottawa stand ;
- (b) whether the Government of India propose to abide by the recommendations of the Non-Official Advisers ;
- (c) whether the Government of India propose to retain freedom for concluding bilateral agreements with countries, other than Great Britain ;
- (d) whether the whole question of a trade agreement between England and India will be considered on merits, apart from any Imperial Preference or the political relationship between the two countries ; and
- (e) whether the proposals of the Government of India will be placed before the Assembly for an expression of its opinion before any commitments are undertaken by the Government of India ; and if so, when ?

The Honourable Sir Saiyid Sultan Ahmad : (a) The negotiations are still in progress. Discussions with His Majesty's Government's representatives which were interrupted by the Summer holidays in England, will be resumed in September.

(b) Their recommendations will naturally be given the fullest consideration.

(c) Yes, Sir.

(d) Yes, Sir.

(e) The Honourable Member's attention is invited to the reply given to part (f) of Seth Govind Das's starred question No. 701 on the 29th September, 1936.

Mr. S. Satyamurti : With reference to the answer to clause (b) of the question, may I know why the Government—apart from their giving their best consideration to the recommendations of their non-official advisers—cannot agree to abide by their recommendations ?

The Honourable Sir Saiyid Sultan Ahmad : Because they are simply advisers.

Mr. S. Satyamurti : May I know, in view of the certificate which the Honourable Member already paid by way of compliment to their excellent advisers, men on whose ability and knowledge they can rely, why, apart from the legal implications, as a matter of fact the Government now

refuse to say that they will abide by the recommendations of this non-official body ?

The Honourable Sir Saiyid Sultan Ahmad : Because we will wait and see what the advice is.

Mr. S. Satyamurti : In reply to part (e) of the question, may I take it that the position is as was outlined previously, that before any final commitments are undertaken, the matter will be placed before the House, and their decision accepted by the Government ?

The Honourable Sir Saiyid Sultan Ahmad : I have already referred the Honourable Member to the reply given to part (f) of Seth Govind Das's starred question.

Mr. S. Satyamurti : I think my recollection is fairly all right, but I merely want to know whether the reply given was that Government will place their recommendations before this House and will abide by their verdict.

The Honourable Sir Saiyid Sultan Ahmad : The Honourable Member might refer to that.

Mr. S. Satyamurti : But the Honourable Member can enlighten the House on the point.

The Honourable Sir Saiyid Sultan Ahmad : I do not think it is part of my duty to read out the whole answer that was then given. I have, however, got it here with me and I will read out a portion of it. "The Government of India are under no constitutional obligation to place before the House every discussion on the terms of the trade agreement before it is concluded."

Mr. T. S. Avinashilingam Chettiar : May I know whether it will be placed before the House before it is ratified ?

The Honourable Sir Saiyid Sultan Ahmad : No.

Mr. S. Satyamurti : Apart from the constitutional position, may I know with regard to these pending negotiations what, in fact, the Government of India intend to do in this matter ? After the negotiations are over and when the Government have come to some tentative conclusion, may I know what they intend to do then ?

The Honourable Sir Saiyid Sultan Ahmad : It depends entirely on whether there is an agreement or not. We will wait and see. We cannot come to any conclusion at present. The Government of India are not in a position to come to any decision about it. The negotiations are going on and we must see whether there is an agreement or not. Then and then alone can we come to some decision.

Mr. Bhulabhai J. Desai : May I respectfully again divide this question into two parts as I did before. The question is this, whether the proposals of the Government of India, which will only fructify, I take it, after the negotiations have been completed, will be placed before the Assembly for an expression of its opinion before any commitments are undertaken by the Government of India ? May I respectfully ask whether this question of fact can be answered because the question is not that we want to know now at what stage it is, but the hypothesis

of the question is that as and when, after taking the advice, this proposal has been accepted, would they place it before this House for opinion before the Government of India commit themselves to it as an agreement?

The Honourable Sir Saiyid Sultan Ahmad : I have answered the question by saying that it is the responsibility of the Government of India and they will come to certain conclusion. It may be before or after and they do not like to commit themselves at all at present. It is their responsibility and they will discharge that responsibility when the agreement is arrived at or even when there is no agreement.

Mr. Bhulabhai J. Desai : I am not denying that it is their responsibility in the sense that they can act as they like. That I appreciate, but the point that I am asking is whether in the same manner in which the question of the decision or denunciation of the Ottawa Agreement was referred to in a statement by the Government of India that they would abide by the opinion of the House, I ask a similar question of fact with reference to part (e), that the whole of the denunciation would not have the value that the House attaches to it?

The Honourable Sir Saiyid Sultan Ahmad : I am not prepared to answer that question at present, but as far as I can see the Government of India take full responsibility for a decision of this question and they will undertake the responsibility.

Mr. President (The Honourable Sir Abdur Rahim) : The question is whether the Government of India are going to consult the House before any decision is arrived at.

The Honourable Sir Saiyid Sultan Ahmad : We have answered that question. We say that the Government of India have got full liberty to come to a decision in their own judgment and they might do it.

Mr. President (The Honourable Sir Abdur Rahim) : But will they consult the House before the decision is arrived at?

The Honourable Sir Saiyid Sultan Ahmad : Not necessarily, Sir.

Mr. President (The Honourable Sir Abdur Rahim) : If the Honourable Member is not in a position to answer that question off-hand, he can consider the matter.

Mr. T. S. Avinashilingam Chettiar : May I know what purpose will be served if the agreement is placed before the House after it has been concluded?

Mr. President (The Honourable Sir Abdur Rahim) : That is an argument.

Mr. S. Satyamurti : Till these negotiations come to a fruition, may I know if the Government of India have examined the effect on our international trade by the continuance of this Ottawa arrangement? Have they come to any conclusion as to whether these arrangements are beneficial to us or adverse to us?

The Honourable Sir Saiyid Sultan Ahmad : I should like to have notice of the question. You may put down the question and we will consider it.

REFUSAL TO ALLOW THE SEVA SAMITI TO SUPPLY WATER TO PASSENGERS AT THE HISSAR RAILWAY STATION.

16. *Mr. Sham Lal : Will the Honourable Member for Commerce and Railways be pleased to state :

- (a) whether it is a fact that the Seva Samiti of Hissar has been supplying water to the passengers at Hissar Railway station for the last 20 years ;
- (b) whether it is a fact that Railway Officials have always expressed their appreciation of the work of the Seva Samiti ;
- (c) whether the members of the Seva Samiti have always conformed to the instructions issued by the Railway staff and even badges have been provided to the members of the Seva Samiti in order to distinguish them from passengers ;
- (d) whether Hissar is one of the hottest places in the Punjab and that it is the junction of three Railways ;
- (e) whether it is a fact that the Railway has kept only one waterman to serve all the trains, and whether Government are aware that it is difficult for him to serve all the passengers ;
- (f) whether Government are aware that recently the District Traffic Superintendent has by his letter, dated the 10th April, 1937 refused to accord permission to the Seva Samiti to supply drinking water to the passengers ;
- (g) whether it is a fact that on the representation being made by Seva Samiti, the District Traffic Superintendent has refused to reconsider his decision ?

The Honourable Sir Saiyid Sultan Ahmad : With your permission, Sir, I propose to reply to this and questions Nos. 17 and 18 together.

Government have no information. I am, however, having enquiries made, and will lay a reply on the table in due course.

Mr. Sri Prakasa : Will Government take steps to make arrangements for the supply of all these necessities of passengers so that private persons may not have to waste their time in supplying what the Railway should itself do ?

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member has answered that he has no information on the point to which the question refers.

Mr. Sri Prakasa : I am not contesting his want of information. What I say is this : Will Government take steps to ask the railway administrations themselves to supply all the needs of the passengers ?

Mr. President (The Honourable Sir Abdur Rahim) : There are certain questions asked on the subject and the Honourable Member is called upon to answer those questions. He is unable at present to give the information that is sought and therefore no Honourable Member is entitled to put any supplementary questions.

Prof. N. G. Ranga : Will the Honourable Member try to obtain this information ?

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member has said that he is not in a position to supply the information.

REFUSAL TO ALLOW THE SEVA SAMITI TO SUPPLY WATER TO PASSENGERS AT THE HISSAR RAILWAY STATION.

†17. ***Mr. Sham Lal** : Is the Honourable Member for Commerce and Railways aware :

- (a) whether it is a fact that the Seva Samiti have done nothing to incur the displeasure of the authority and had always carried out instructions issued by the Railway authorities and have been rendering this service purely out of charitable considerations and incurring heavy expenses ; and
- (b) that this order of the District Traffic Superintendent would involve great hardship to the passengers and has created great resentment among the public ?

REFUSAL TO ALLOW THE SEVA SAMITI TO SUPPLY WATER TO PASSENGERS AT THE HISSAR RAILWAY STATION.

†18. ***Mr. Sham Lal** : Will the Honourable Member for Commerce and Railways be pleased to state whether Government are prepared to consider the decision referred to in the preceding questions and allow the members of the Seva Samiti to supply drinking water to the passengers at Hissar Railway station ?

UNCOVERED PLATFORMS AT THE AMBALA CANTONMENT RAILWAY STATION.

19. ***Mr. Sham Lal** : Will the Honourable Member for Commerce and Railways be pleased to state :

- (a) whether it is a fact that platform Nos. 4 and 5 at the Ambala Cantonment railway station are not covered ;
- (b) whether Government are aware that in rainy season and in the hot weather the passengers are put to great inconvenience and their luggage is spoiled ; and
- (c) whether the Railway Administration is prepared to get these platforms covered as soon as possible ?

The Honourable Sir Saiyid Sultan Ahmad : (a) and (b). Government have no precise information, but are prepared to accept that the position is as stated.

(c) Government are not aware of the intentions of the Administration with regard to providing cover over these platforms. This requirement is one which Government consider could suitably be brought to the notice of the Agent through the Local Advisory Committee. But I shall also bring these questions to the notice of the administration.

†For answer to this question, see answer to starred question No. 16.

Mr. Muhammad Azhar Ali : Will the Honourable Member also take the trouble of informing the Agents of other railways to consider this question ?

The Honourable Sir Saiyid Sultan Ahmad : That does not arise from this question.

Mr. Lalchand Navalrai : Is it the policy of the Railway Board to supply all the platforms with these coverings where they are necessary ?

The Honourable Sir Saiyid Sultan Ahmad : That also does not arise from the question.

MISUSE OF FIRST CLASS PASSES ISSUED TO CERTAIN PRIVATE GENTLEMEN.

20. ***Mr. Sham Lal** : Will the Honourable Member for Commerce and Railways be pleased to state :

- (a) if it is a fact that first class railway passes are sometimes being issued to private gentlemen connected with Railway Administration in one capacity or another for certain distances and periods ;
- (b) if so, whether any cases of the misuse of these railway passes by other or these very gentlemen were detected during the last three financial years ; and
- (c) if so, how many in each Railway respectively together with the nature of action taken in the matter ?

The Honourable Sir Saiyid Sultan Ahmad : (a) The issue of complimentary passes is made at the discretion of the Agents of Railways.

(b) and (c). Government have no information regarding any case of misuse of a complimentary pass during the past three financial years.

Mr. Sham Lal : Will the Government make inquiry about the matter that certain persons were detected as having misused their passes ?

The Honourable Sir Saiyid Sultan Ahmad : The question is very vague. Unless the Honourable Member is prepared to give me some specific cases, I can do nothing, but if a single case is brought to my notice I can have inquiries made.

Pandit Lakshmi Kanta Maitra : May I know to what class of persons these complimentary passes are issued by the Railways ?

The Honourable Sir Saiyid Sultan Ahmad : That question does not arise from the question put ; at any rate, not from the answer that I have given.

Mr. K. Santhanam : May I know how much this discretion of the Agents is costing the railways every year ?

The Honourable Sir Saiyid Sultan Ahmad : This question does not arise.

Mr. President (The Honourable Sir Abdur Rahim) : It must be put as a separate question.

Mr. Muhammad Azhar Ali : Will the Honourable Member inform the House whether any complimentary passes are issued or not ?

The Honourable Sir Saiyid Sultan Ahmad : I have answered that question. I said that the issue of complimentary passes is made at the discretion of the Agents of Railways.

Mr. Sri Prakasa : What exactly is the position of the pass-holder ? Is it the same as that of a *bonâ fide* passenger ? If so, does he not often misuse it by thrusting other passengers out ?

The Honourable Sir Saiyid Sultan Ahmad : That is an argument.

Mr. Sri Prakasa : It is a case of misuse.

INDIANISATION OF HIGHER POSTS IN THE GOVERNMENT OF INDIA DEPARTMENTS.

21. ***Mr. Badri Dutt Pande :** (a) Is the Honourable the Leader of the House in a position to inform the House as to what is the present policy of the Central Government in the matter of Indianisation of the higher posts in all the Departments of the Government of India ?

(b) How many Indians (I.C.S. or non-I.C.S.) are there in the higher posts in all the Departments of the Government of India as compared with the number of Europeans ?

(c) What steps are being taken to take in more Indians in the Political, Defence, Commerce, Railway, Finance and Legislative Departments ?

(d) What is the proportion of I.C.S. officers, Indians *versus* Europeans assigned by the Lee Commission to each Department, and what is the proportion at present ?

(e) When will the ratio of 50 Indians *versus* 50 Europeans (I.C.S.) be completed ?

The Honourable Sir Nripendra Sircar : I am unable to reply to this question which should have been addressed to the Honourable the Home Member.

Mr. T. S. Avinashilingam Chettiar : In view of the fact that sometimes questions are not addressed to the proper department, will it be possible for the Assembly Office to assist Honourable Members by sending the questions to the proper departments concerned ?

Mr. President (The Honourable Sir Abdur Rahim) : The office cannot possibly undertake such duties ; it is not one of the duties laid upon the office by the Rules recently framed. Under the Rules, the Honourable Member who puts the question should address his question to the proper department of the Government. The office is helpless in the matter. Supposing the office does make the correction and it makes a mistake in so doing, what happens ? The office cannot undertake the duty which is laid upon the Honourable Member. If any Honourable Member informally seeks advice, that is another matter. But the office cannot undertake the duty of forwarding the question to the proper department of the Government.

Mr. T. S. Avinashilingam Chettiar : In that case may I make an appeal to the Government ? If a question is not addressed to the proper

department—this will happen only in a very few cases—will the department to whom the question is addressed kindly pass on the question to the appropriate department of the Government of India so that it may be answered on the due date.

Mr. President (The Honourable Sir Abdur Rahim) : Perhaps the Honourable the Leader of the House might consider this suggestion because it is in the cognisance of the Government. If a question is addressed to a wrong department, the Government might perhaps communicate it to the right department and pass on the question to them.

The Honourable Sir Nripendra Sircar : May I make a statement as to that. I took the precaution of warning Mr. Thorne that he may have to answer this question and my belief is that he is quite ready to answer this question.

Mr. J. A. Thorne : I am ready to answer this question.

(a), (b), (c) and (e). I would refer the Honourable Member to the Honourable Mr. Maxwell's speech in the other House on the 15th March last on the Resolution of the Honourable Pandit Hridaynath Kunzru on the same subject.

(d) I have not been able to find that the Lee Commission assigned definite proportions of Indians and Europeans to every department.

Mr. S. Satyamurti : May I know if Government are implementing the recommendations of what is called the Maxwell report, in respect of matters covered by clauses (a) to (c) of this question ?

Mr. J. A. Thorne : I have not come ready to answer that question.

Mr. S. Satyamurti : May I know, with regard to the present policy of the Central Government in the matter of Indianisation referred to in clause (a), whether Government are giving effect to any new recommendations or decisions of their own ?

Mr. J. A. Thorne : That again is a question which I was not expecting to answer. I must ask for notice.

Mr. Bhulabhai J. Desai : May I point out this, in reference to the vicarious answers occasionally given that it may save a great deal of the cost of printing these questions if the only answer which the Government are going to give is that a particular question is addressed to the wrong department. May I point out to the departments of the Government that whenever a question happens to be wrongly addressed, it might be transferred to the proper department so that the cost of printing a futile answer might be saved.

Mr. President (The Honourable Sir Abdur Rahim) : Is the Honourable the Leader of the House in a position to say anything in regard to that. It is quite possible that in some cases, it may not be practicable to any Honourable Member to know the department to which the question should be addressed, though in most cases, there ought to be no difficulty.

Mr. Badri Dutt Pande : When I sent this question, I specially sent a covering letter to the Honourable the Leader of the House to answer this question.

Mr. President (The Honourable Sir Abdur Rahim) : The suggestion is whether the Government is in a position to help Honourable Members

who may not have exact information as to the particular department to which the question relates.

The Honourable Sir Nripendra Sircar : Will you give me time till Wednesday morning to make a statement on this point ?

Mr. President (The Honourable Sir Abdur Rahim) : All right.

†22*.

RAILWAY ACCIDENT AT BIHTA ON THE EAST INDIAN RAILWAY.

23. ***Sir Muhammad Yakub :** (a) Will the Honourable Member for Commerce and Railways state the circumstances which led to the horrible railway disaster at Bihta in Bihar ?

(b) Is the Honourable the Railway Member aware of the statement issued by Mr. Syyad Jaafar Imam, Advocate-General, Bihar, to the effect that, while travelling by the Imperial Mail, which passed the scene of disaster at Bihta about two hours before the unfortunate Express, he, and also other passengers, felt a severe jerk and shaking on the spot ?

(c) Did the railway authorities verify the above statement, of a responsible officer, from the guard and the driver of the Imperial Mail and question them whether they conveyed this information to the Station Master of Dinapur ?

(d) Is the Honourable the Railway Member prepared to appoint a mixed Committee, including both the official and non-officials, to make an enquiry about the disaster and place their report before this House ?

The Honourable Sir Saiyid Sultan Ahmad : (a) The cause of the accident has not yet been determined and is still under investigation.

(b) Government are aware of the statement made by Mr. Jaffar Imam to the effect that he had felt a severe jerk between the Koilwar bridge and Bihta station, but are not aware that other passengers also felt the jerk described by Mr. Jaffar Imam. The Imperial Indian Mail passed the scene of the accident approximately 3 hours 53 minutes before the accident.

(c) Government are not aware that Mr. Jaffar Imam informed the railway authorities of the incident, and no other passenger reported any such incident to the guard and driver on the Imperial Indian Mail.

(d) An enquiry into the disaster has been made by the Senior Government Inspector of Railways, whose report is now under the consideration of Government. The statutory rules also provide for the holding of a magistrate's enquiry assisted by experts, if the magistrate considers this to be necessary. The question as to whether any other enquiry should be instituted will be decided when Government have come to a final conclusion on the Senior Government Inspector's report.

Mr. Sri Prakasa : With reference to part (b), is it not a fact that the Imperial Indian Mail goes over the Grand Chord via Gaya.

The Honourable Sir Saiyid Sultan Ahmad : No.

†This question has been postponed to be answered on the 31st August, 1937.

Mr. President (The Honourable Sir Abdur Rahim) : I would remind Honourable Members of Government that such questions which could not be answered verbally owing to want of time, the replies thereto have to be laid on the table.

(b) WRITTEN ANSWERS.

COMPLAINTS AGAINST THE IMPROPER ATTITUDE OF THE JODHPUR RAILWAY STAFF.

24. ***Mr. Husenbhai Abdullabhai Laljee :** Will the Honourable Member for Commerce and Railways please state :

- whether Government are aware of the fact that no proper treatment is being meted out to the passengers by the Jodhpur Railway staff now-a-days ;
- whether they have received such complaints against the improper attitude of the Jodhpur Railway staff ;
- if reply to part (b) be in the affirmative, what action the authorities concerned have taken against the staff ;
- whether any preference is given to European passengers on the Jodhpur Railway line in the matter of allotment of first or second class seats ,
- whether first class compartments are converted into second class when seats are not available at Marwar Junction for Europeans only and not Indians ;
- if reply to part (e) be in the affirmative, why such discrimination is shown between Indians and Europeans ; and
- whether they are prepared to issue a general circular to the Jodhpur Railway, to the effect that they should not ill-treat any passengers in future but on the contrary they should treat all alike and provide second and first class seats to passengers without any discrimination as to caste or creed, as it is done on all stations throughout India ?

The Honourable Sir Saiyid Sultan Ahmad : With your permission, Sir, I propose to reply to this and question No. 25 together.

Government have no information on any of the points mentioned. I am, however, bringing these two questions to the notice of the Manager of the Jodhpur Railway for suitable action.

RACIAL DISCRIMINATION IN THE SUPPLY OF MEALS TO INTERMEDIATE AND THIRD CLASS PASSENGERS ON THE JODHPUR RAILWAY.

†25. ***Mr. Husenbhai Abdullabhai Laljee :** Will the Honourable Member for Commerce and Railways please state :

- whether it is a fact that Indian passengers travelling on the Jodhpur Railway by intermediate and third class are not served meals in Dining Cars and if not why ;

†For answer to this question, see answer to starred question No. 24.

- (b) whether it is a fact that European passengers are served with meals in intermediate and third class compartments ; and
- (c) whether it is a fact that passengers travelling by intermediate and third class are not served in their compartments by restaurant service and if not why not ; and what the arrangement is for their food in view of the fact that trains with restaurant cars do not halt sufficiently at various stations ?

INAUGURATION OF THE FEDERATION.

26. *Mr. Lalchand Navalrai : Will the Honourable the Leader of the House be pleased to state :

- (a) when the Federation of India at the centre will be established ;
- (b) now that the Congress Ministries in several provinces of India have come into existence, whether Government propose to wait to see how they operate before the introduction of Federation ; if not, what is the reason for any more delay ; and
- (c) which Indian States have up till now agreed to participate in the Federation of India ?

The Honourable Sir Nripendra Sircar : (a) It is not possible at present to make a forecast as to the date of inauguration of Federation.

(b) and (c). Government are not in a position at this stage to make any statement.

EMPLOYMENT OF "DUFFERIN" CADETS.

27. *Mr. Lalchand Navalrai : (a) Has the attention of the Honourable the Commerce Member been drawn to the report of the Indian Merchants Chamber, Bombay, regarding their first quarterly general meeting held on Friday, 30th April, 1937, in connection with the employment of Dufferin Cadets ?

(b) Is it a fact that the original scheme initiated under the guidance of Lord Irwin gave assurances to the public with regard to Cadets' training and employment as officers on ships ?

(c) Is it a fact that Government have made fundamental changes in the prospectus by giving the public to understand that the Cadets' school gives a public school education and no more ?

(d) If so, is it also a fact that when Dufferin Ship was started it was not intended as a public school but was really meant to be a school for the training of mercantile marine officials ?

(e) If so, what is the justification for the change introduced in the prospectus ; and do Government propose to carry out fully the original intention and object of working the Dufferin Ship ? If not, why not ?

(f) Is it a fact that the number of Cadets that seek admission has considerably fallen down ?

(g) How many Cadets were interviewed at the last interview and how many were selected by the Governing Body, and what is the number of Cadets now under training ?

(h) Is it a fact that the Governing Body of the Ship has repeatedly written to the Government of India on the subject of the employment of the Cadets ? If so, what steps have Government taken to comply with their views ?

(i) Is the Honourable Member for Commerce aware that the Governing Body intend to withdraw their co-operation and leave the Government of India to run this Ship departmentally ?

(j) Do Government propose to withdraw the changes they have made in the prospectus and give substantial and real help to Indians for naval and marine service ? If not, why not ?

The Honourable Sir Saiyid Sultan Ahmad : (a) No.

(b) It is presumed that the Honourable Member refers to the prospectus of the I. M. M. T. S. "Dufferin". This gave an account of the curriculum and training and of the facilities for apprenticeship, and while giving no assurances indicated the Government of India's opinion that apprentices who had satisfactorily completed their preliminary training should be able to find employment on ships.

(c) There has been no change whatever in the nature or orientation of the training on the ship, and I welcome the opportunity, although I deplore the necessity, of again stating this categorically. In this connection, I may be allowed to quote the reply given by the Honourable Sir Zafrullah Khan to part (g) of question No. 511 asked by Mr. Mathuradas Vissanji :

"Government's attitude has consistently been to regard the object of this ship as to give the training to its cadets which will best fit them for actual service at sea, and any changes or modifications suggested in the curriculum or training have had, and will continue to have, this sole object in view."

There is no foundation whatever for any allegation that Government desire the training ship to become a mere public school and no more.

(d) If by the word "official" the Honourable Member means "officers", the answer is in the affirmative.

(e) There has been no change in the objects of the ship or in the nature of the training. The changes in the prospectus were made because Government consider that the parents and guardians of cadets intending to apply for admission to "Dufferin" are entitled to the fullest possible information regarding the course of study and the prospects of employment.

(f) The number of applications for admission has fluctuated within rather wide limits, and has latterly shown a tendency to decrease. (The figures for 1931 and 1932 were 219 and 166 respectively ; for 1935 and 1936 they were 180 and 124 respectively).

(g) In January last 50 were selected out of 57 interviewed. The total now under training is 143.

(h) The matter has been under correspondence with the Governing Body and Government have given constant attention to the problem of assisting ex-cadets to find employment at sea. The Honourable Member's attention is invited to the Press Communiqué of 23rd June last, a copy of which is in the Library.

(i) No. Government have always attached great value to the advice of the Governing Body, and would receive any suggestion of withdrawal of their co-operation with the very greatest regret.

(j) The changes in the prospectus have been made in the interests of the cadets and of their parents, who as already stated above, are entitled to know the true facts regarding their curriculum and prospects of employment. Government have always done their best to give real and substantial help to cadets who wish to obtain employment in the naval and marine services, and if the Honourable Member has any concrete suggestions to offer by which such help can be rendered more effective, I shall be very glad to give them my most careful consideration.

PROMOTION OF INDIANS TO STATION MASTER GRADE ON THE NORTH WESTERN RAILWAY.

28. *Mr. Lalchand Navalrai : (a) With reference to my starred question No. 1127 put on the 14th November, 1932, is the Honourable the Railway Member aware that the Director of the Establishment of the Railway Board supplied further information to me in reply to my letter dated the 27th February, 1933, addressed to the Financial Commissioner, stating that the racial discrimination had been removed and Indians were eligible to be promoted to Station Master grade IV to VIII and also that it was the intention of the North Western Railway administration to fill in the gap that previously existed beyond which the Station Masters' grade III could not advance, by increasing the number of posts of Station Masters in grade IV and thereby improving the chances of Station Masters' grade III securing promotions in future to Station Masters' grade V to VIII ?

(b) Will the Honourable the Railway Member be pleased to state if the gap mentioned above has since been filled up ? If so, how many posts have been increased in grade IV up to now ?

(c) Is it a fact that one of the original posts of grade IV was also decreased ? If so, why ?

(d) Do Government propose to fill up the gap adequately to give full effect to their intention ? If not, why not ?

The Honourable Sir Saiyid Sultan Ahmad : With your permission, Sir, I will reply to questions Nos. 28 and 29 together. I am collecting information and will lay a reply on the table of the House in due course.

PROMOTION OF STATION MASTERS TO GRADE V ON THE NORTH WESTERN RAILWAY.

†29. *Mr. Lalchand Navalrai : (a) Will the Honourable the Railway Member be pleased to state how many posts on the North Western

†For answer to this question, see answer to starred question No. 28.

Railway there are in grade V of the Station Masters ? Is it a fact that all are held by Europeans, the old incumbents of the time previous to the removal of racial discrimination ?

(b) Will Government be pleased to state if any Indians have been raised from grade IV to V permanently or temporarily ?

(c) Do Government propose to raise the Indian Station Masters to grade V by increasing the number of Station Masters in grade V or in any other way ?

(d) Will the Honourable the Railway Member be pleased to state if there is any likelihood of vacancies occurring in grade V at a reasonably early time for being filled up by Indian incumbents of grade IV ?

(e) What steps do Government propose to generally help the Indians in grade IV to rise to grade V ?

NOMINATION OF OFFICIAL MEMBERS TO THE CENTRAL LEGISLATURE REPRESENTING PROVINCIAL GOVERNMENTS.

30. *Sardar Mangal Singh : (a) Will the Honourable the Law Member please state whether the Provincial Governments are consulted in the matter of the nomination of the official Members to the Central Legislature representing the Provincial Governments ?

(b) If the answer to (a) be in the affirmative will the Honourable the Law Member please state in how many cases the recommendations of the Provincial Governments have been ignored in this matter since 1st April, 1937 ?

(c) If the answer to (a) be in the negative, will the Honourable the Law Member please state whether in view of the establishment of provincial autonomy the Government of India will in future consult the Provincial Governments in this matter ? If not, why not ?

The Honourable Sir Nripendra Sircar : (a) Yes.

(b) None.

(c) Does not arise.

NOMINATION OF OFFICIAL MEMBERS TO THE CENTRAL LEGISLATURE REPRESENTING PROVINCIAL GOVERNMENTS.

31. *Sardar Mangal Singh : Will the Honourable the Law Member please state whether the official nominated Members of the Central Legislature representing the Provincial Governments will in future obey the Whip of the Provincial Governments or that of the Government of India ?

The Honourable Sir Nripendra Sircar : Consequentially on the commencement of Provincial Autonomy Provincial Governments were given a free option between

(1) continuing to make officials available for nomination on the basis that they would be subject in respect of speech and vote to the control of the Central Government, and

(2) ceasing to make officials available for nomination.

It follows that in cases in which the Provincial Government elects to make officials available for nomination they will obey the Central Government's Whip.

ARRANGEMENTS TO PUBLISH THE INDIAN LEGISLATIVE ASSEMBLY
DEBATES IN HINDUSTANI.

32. *Sardar Mangal Singh : Will the Honourable the Leader of the House please state whether the Assembly Department is prepared to make arrangements to publish Assembly debates in Hindustani, in both Debanagari and Persian scripts ?

The Honourable Sir Nripendra Sircar : The Legislative Assembly Department do not propose to make arrangements to publish the Legislative Assembly Debates in Hindustani, in both Debanagari and Persian scripts.

INAUGURATION OF THE FEDERATION.

33. *Sardar Mangal Singh : (a) Will the Honourable the Leader of the House please state approximate time when the Indian Federation is likely to be established ?

(b) Will the Honourable the Leader of the House please state at what stage the negotiations with the Princes regarding their entry into Federation are at present and how many Indian States have so far indicated their willingness to join the Federation and on what terms ?

(c) Will the Honourable the Leader of the House please state whether this House would be consulted before final decision is taken in the matter ?

The Honourable Sir Nripendra Sircar : (a) The Honourable Member is referred to the reply given by me to part (a) of Mr. Lalchand Navalrai's question No. 26.

(b) and (c). I regret I am not in a position at present to make any statement.

EXTENSION OF THE LIFE OF THE INDIAN LEGISLATIVE ASSEMBLY.

34. *Sardar Mangal Singh : (a) Will the Honourable the Law Member please state the duration for which the life of the present Central Assembly will be extended ?

(b) Will the Honourable the Law Member please state whether it is a fact that the Government of India has issued instructions to the Provincial Governments for the preparation of the electoral rolls of the Central Assembly ?

The Honourable Sir Nripendra Sircar : (a) His Excellency the Governor General has announced his decision to extend the life of the Assembly for a period the duration of which he has reserved for subsequent determination. I am unable to anticipate His Excellency's decision in regard to the duration of the extension.

(b) Sub-rule (4) of rule 9 of the Legislative Assembly Electoral Rules renders obligatory the preparation of fresh rolls on the expiration of the period for which the existing rolls are in force. Provincial Governments have merely been requested to discharge this obligation.

PLANS TO DEAL WITH JAPANESE COMPETITION IN THE INDIAN
COASTAL TRAFFIC.

35. *Seth Govind Das : Will the Honourable Member in charge of Commerce be pleased to state :

- (a) whether Government's plans to deal with Japanese competition in the Indian coastal traffic have been completed ;
- (b) whether Government propose first to clear the ground by repealing the old Act of 1850, which threw coastal waters open to shipping of all nations and thereafter to take powers to regulate coastal shipping ;
- (c) whether Government have already approached the Secretary of State for the formal sanction necessary to repeal the old Act and the introduction of the new legislation ;
- (d) whether Government propose bringing forward the propositions before the House during the course of this Session ?
- (e) whether Government made this move entirely on their own initiative or whether suggestions were made to them by the Secretary of State ;
- (f) whether it is only the Japanese intrusion that has actuated Government for this move or is it also for the German shipping in our coasts that has provided the provocation in the matter ;
- (g) whether or not it is a fact that with a view to help Britain's shipping and British industries this matter has been taken up ; and
- (h) whether Government will be pleased to lay on the table a copy of all the deliberations that had led Government to the decision they have taken in the matter ?

The Honourable Sir Saiyid Sultan Ahmad : Government are considering the question of foreign shipping in the Indian coastal trade, but I am not yet in a position to give any detailed information on the subject.

INAUGURATION OF THE FEDERATION AND EXTENSION OF THE LIFE OF THE
INDIAN LEGISLATIVE ASSEMBLY.

36. *Seth Govind Das : (a) Will the Honourable the Leader of the House inform the House as to whether any decision has been arrived at by the Government of India and the Secretary of State as to the exact date when Federation would be brought into existence ?

(b) If not, will Government be pleased to state the reasons why the life of the present Assembly has been extended indefinitely ?

(c) Is the Leader of the House aware that there is a very strong feeling all over the country that the postponement of the dissolution of the present Assembly is due to the overwhelming majority of Congress men elected in the Provinces in the last elections ?

(d) Will the Leader of the House state whether Government would dissolve the present Central Assembly after this Session in view of the

public demand for such a dissolution and if the majority of the Lower House of the provincial Legislatures demand such a dissolution ?

(e) Is the Leader of the House aware that the Congress ministries in the provinces are to a certain extent being handicapped due to the proper want of a support from the Central Legislature as constituted at present with a solid majority for the policies of the Bureaucratic Government ?

(f) If not, did he try to consult the views of the Provincial Governments whether they desire to have a dissolution of the present Central Assembly during the period of the enforcement of that part of the Government of India Act, 1935 for the administration of the country during the transitional stage ?

The Honourable Sir Nripendra Sircar : (a) No.

(b) The Assembly has not been extended indefinitely. The position is as explained in my reply to question No. 34.

(c) No.

(d) The matter does not rest with Government, but with His Excellency the Governor General who has authorised me to say that he does not propose to reconsider the decision which he has already announced.

(e) No, and I must dissociate myself from the Honourable Member's view of the present position of Government *vis-a-vis* the Central Legislature.

(f) No. I have already explained that jurisdiction in this matter rests with the Governor General.

SELECTION OF DEPUTY SECRETARY OF THE LEGISLATIVE ASSEMBLY DEPARTMENT.

37. ***Seth Govind Das :** Will the Honourable the Leader of the House state whether it is a fact that the Deputy Secretary of the Assembly Department is one of the principal officers of the House ? If so, will Government be pleased to state whether Government propose to attach a panel consisting of the Speaker and all the Leaders of the parties of this House to the Public Service Commission when interviewing candidates for this post of Deputy Secretary ? If not, why not ?

The Honourable Sir Nripendra Sircar : The reply to the first part of the question is in the affirmative.

As regards the second part of the question, the recruitment is being made by selection under rule 5 of the Federal Public Service Commission's (Functions) Rules. Under proviso (a) of that rule, the Governor General in Council is entitled to appoint an officer to represent the department to be present at the interviews. Under rule 4 of the Legislative Assembly Department (Conditions of Service) Rules the Honourable the President takes the place of that officer. The rules do not contemplate the appointment of a panel, and it is not, therefore, proposed to appoint one.

REVERSION OR RETRENCHMENT OF STAFF IN THE REFORMS OFFICE.

38. ***Seth Govind Das :** (a) Will the Honourable the Leader of the House be pleased to state whether several men have been ordered during the last three months for reversion or for being retrenched in the Reforms Office ?

(b) If so, is he aware that in recommending for reversion or retrenchment selections were made not according to the length of service in that office, but according to the province from where a particular officer hails ?

(c) If he is not aware, is he prepared to make a thorough investigation into the matter and find out the true position ? If not, why not ?

The Honourable Sir Nripendra Sircar : (a) Yes.

(b) There is no foundation for the suggestion that selections for reversion or retrenchment were made on a provincial basis.

(c) Does not arise.

SALE OF IMPORTED ARTICLES UNDER THE STAMP OF "MADE IN INDIA" IRRESPECTIVE OF THEIR COUNTRY OF ORIGIN.

39. ***Seth Govind Das :** (a) Is the Honourable Member in charge of the Commerce Department aware that a large number of imported articles are being sold in the market under the stamp of "Made in India" irrespective of their true country of origin ?

(b) If he is not aware does he propose to make a thorough enquiry into the matter ? If not, why not ?

(c) Is he aware that in good many cases foreign stamps or marks on articles are removed by scientific process and stamped as "Made in India" ? If not, does he propose to make a thorough enquiry into the matter and stop such frauds ? If not, why not ?

(d) Will he be pleased to state whether the Government have in existence any agency for detecting such frauds on the Indian Merchandise Marks Act ?

(e) If so, will Government be pleased to state the total number of such fraudulent cases reported to the authorities during the last three years ?

The Honourable Sir Saiyid Sultan Ahmad : (a), (b) and (c). Certain complaints of the nature mentioned by the Honourable Member were received some time ago. Government have under consideration the question of amendment of the Indian Merchandise Marks Act, 1889, with the object, *inter alia* of empowering Government to prescribe, after due enquiry, that specified goods should at the time of import bear an indication of the country of origin and that the mark of origin should be indelible where practicable.

(d) The Government have not appointed any specific agency for detecting cases which offend against the provisions of the Indian Merchandise Marks Act. The existing law sufficiently provides for the punish-

ment of sale of goods bearing false trade marks or false trade descriptions and it is open to any aggrieved or interested party to institute prosecutions in Courts in respect of such offences.

(e) Does not arise.

SHORT NOTICE QUESTIONS AND ANSWERS.

Mr. President (The Honourable Sir Abdur Rahim) : There are six short notice questions, and all of them refer to the Andamans hunger-strike. All these short notice questions have to be read out. I want to know from the Honourable Member of the Government who is to reply on behalf of Government whether he wants to reply to all these questions jointly or separately.

Mr. J. A. Thorne : I have answers prepared separately.

ANDAMANS HUNGER-STRIKE.

Mr. Mohan Lal Saksena : (a) Will the Honourable the Home Member be pleased to make a statement regarding the hunger-strike by prisoners in the Cellular Jail in Andamans ?

(b) Will the Honourable the Home Member lay on the table copies of representations made jointly or severally by the prisoners to the Government during the last twelve months ?

(c) Did Raizada Hansraj submit any report regarding his visit to Andamans ? If so, when and what were its principal recommendations ?

(d) Did he make any recommendations regarding the abolition of Andamans as a convict settlement ? If so, what action did Government take thereon ? If none, why not ?

Mr. J. A. Thorne : (a) The Government of India have issued two communiqués and given information to the press from time to time. The latest information contained in a message from the Chief Commissioner, dated the 19th August, 1937, is that 225 prisoners are now on hunger-strike.

(b) It would not be in the public interest to lay on the table copies of the representations received from prisoners during the last twelve months.

(c) No.

(d) I cannot find that he made any such recommendation to the Government.

Mr. Mohan Lal Saksena : May I know what is the present condition of the prisoners on hunger-strike ?

Mr. J. A. Thorne : I am answering that later on.

ANDAMANS HUNGER-STRIKE.

Mr. Mohan Lal Saksena : (a) Will the Honourable the Home Member please state when the prisoners in the Cellular Jail in Andamans sent their joint petition to Government before resorting to hunger-strike ?

(b) When was it given to the authorities in Andamans and when did it reach the Government of India ?

(c) What steps, if any, did Government or the authorities in Andamans take to dissuade the prisoners from resorting to hunger-strike ?

(d) Why did Government not publish the news of the proposed hunger-strike to enable the friends and relations of the prisoners to dissuade them from going on hunger-strike ?

Mr. J. A. Thorne : (a) The petition was dated 9th July.

(b) The Chief Commissioner's forwarding letter was dated the 11th July. It reached the Government of India on the 20th July.

(c) The Chief Commissioner warned them that their strike would be fruitless and that the strike constituted a breach of jail discipline.

(d) The prisoners' threat was that they would go on hunger-strike unless they received the reply of the Government of India to their petition by the 24th July. They received the Government of India's reply on July 23rd. The Government had at that time no reason to assume that the hunger-strike would begin on the 24th, whatever the nature of the Government's reply.

Mr. S. Satyamurti : With reference to the answer to clause (c), may I know whether the jail authorities in the Andamans told these people that if they went on hunger-strike they were ready for their deaths, and even for their cremation ?

Mr. J. A. Thorne : I am answering that question or a similar one later.

Mr. Mohan Lal Saksena : With reference to clause (d), may I know when Government communicated their final decision to the Chief Commissioner of the Andamans ?

Mr. J. A. Thorne : It was received by the Chief Commissioner on the 23rd. I cannot be certain whether it was sent from here on the 22nd or the 23rd.

Prof. N. G. Ranga : Is it not a fact that on several other occasions these political prisoners in the Andamans have gone on hunger-strike, and whenever they threatened to go on hunger-strike they did go on it ?

Mr. J. A. Thorne : May I say that that hardly arises out of this question ?

Mr. S. Satyamurti : My Honourable friend said that Government had no reason to suppose that the prisoners would go on hunger-strike, whatever the reply of Government was. My Honourable friend is asking on that, whether Government are aware that, on previous occasions whenever the prisoners threatened to go on hunger-strike, they did actually go on such strike, and whether Government, in coming to the conclusion of the kind referred to, did take that matter into consideration ?

[23RD AUG. 1937.]

Mr. J. A. Thorne : I have not looked up the nature of the threat made and the circumstances which led to the hunger-strike of 1933, and I am afraid I cannot answer that with any knowledge.

Pandit Lakshmi Kanta Maitra : Is it a fact that some of these prisoners started hunger-strike on the 11th July ?

Mr. J. A. Thorne : No, Sir.

Maulvi Abdur Rasheed Chaudhury : May I know why the Chief Commissioner made a delay of three days in forwarding the petition to the Government of India ?

Mr. J. A. Thorne : May I remind the Honourable Member that the Andamans is an island ?

Mr. S. Satyamurti : Are there no telegraph wires or cables between the Andamans and India ? Why was not the information communicated earlier, by means of a quicker despatch, than the post ?

Mr. J. A. Thorne : I may point out that the petition was dated the 9th July and it was forwarded by the Chief Commissioner on the 11th.

Mr. S. Satyamurti : And when did it reach the Government of India ?

Mr. J. A. Thorne : On the 20th.

Mr. S. Satyamurti : May I know whether a quicker means of despatch could not be availed of by the Chief Commissioner for the purpose of communicating this important matter of life and death to the Government of India ?

Mr. J. A. Thorne : I was not prepared for this question, but I think I am right in saying that that petition made no threat of a hunger-strike.

Maulvi Abdur Rasheed Chaudhury : May I know why no action was taken by the Chief Commissioner on the petition on the 9th ?

(No reply.)

Prof. N. G. Ranga : When did the Government of India receive intimation of the intention of these prisoners to go on hunger-strike ?

Mr. J. A. Thorne : I think that was received on the 20th.

Mr. S. Satyamurti : May I know if it came along with this letter by post ?

Mr. J. A. Thorne : No, Sir.

Mr. S. Satyamurti : Was it received by telegram ?

Mr. J. A. Thorne : Yes, Sir.

Mr. S. Satyamurti : When was it received ?

Mr. J. A. Thorne : On the 20th.

Mr. S. Satyamurti : When did the Chief Commissioner get notice of the hunger-strike in the Andamans ?

Mr. J. A. Thorne : I shall require notice of that question ; I do not want to answer from memory.

Mr. Mohan Lal Saksena : Will the Honourable Member lay a copy of this petition on the table ?

Mr. J. A. Thorne : I have answered that.

Pandit Lakshmi Kanta Maitra : When did the Government of India for the first time come to know of the hunger-strike ?

Mr. J. A. Thorne : I think on the 27th.

Mr. Mohan Lal Saksena : Am I to understand that there is no mention of this hunger-strike in this petition ?

Mr. J. A. Thorne : That is what I said. Speaking from recollection, there is no threat of a hunger-strike in the petition.

Mr. Mohan Lal Saksena : I want to know whether there is any mention of it.

Mr. President : He said that is his recollection.

Mr. Brojendra Narayan Chaudhury : Who is the present Chief Commissioner ?

(No reply.)

ANDAMANS HUNGER-STRIKE.

Mr. Mohan Lal Saksena : (a) Will the Honourable the Home Member please state when the hunger-strike by the prisoners in the Cellular Jail commenced and how many persons were on hunger-strike on the first day ?

(b) Is it not a fact that the number of hunger-strikers swelled because of the provocative attitude taken by authorities in Andamans ?

(c) Is it not a fact that about 80 extra hands were engaged before the commencement of the strike ?

(d) Is it not a fact that responsible officials did tell the prisoners that Government would not consider their demands even if all of them died ?

(e) Is it not also a fact that fuel was stacked and cloth purchased to make a show of preparedness for all eventualities including the cremation of dead bodies ?

(f) What arrangements, if any, were made for extra medical help in the Cellular Jail ?

(g) Why were non-officials, desirous of persuading the prisoners to terminate the hunger-strike, not permitted to go to Andamans ?

(h) Why did Government not accept the suggestions for publishing regular bulletins in India regarding the progress of strike and the conditions of the prisoners ?

(i) How many prisoners were in jail hospital and how many were on invalid diet on the 23rd July, 1937 ? How many of these are on hunger-strike ?

Mr. J. A. Thorne : (a) The mass hunger-strike commenced on the 24th July. The number of strikers was 177.

(b) The Honourable Member has made a statement to that effect, but the facts do not support it.

(c) No. Additional jail staff was employed on July, 26th. Additional medical staff from other hospitals in the Andamans were employed in the Jail after the hunger-strike began.

(d) No.

(e) Fuel is always stocked at the burning ghat (which is a long way from the jail and out of sight of it) and shrouds are always kept ready at the hospitals in the Andamans. Adequate arrangements were made for funerals of hunger-strikers if necessity arose, as adverse criticisms were made on this point after the hunger-strike of 1933.

(f) Five doctors and three trained compounders were sent by the earliest possible sailing.

(g) The only non-official who applied for leave to go to the Andamans was the Honourable Member himself. From his telegram his object appeared to be to supply medical aid in regard to which Government had already made adequate provision. His telegram made no mention of his intention to attempt to terminate the strike.

(h) Government receive bi-weekly reports from the Andamans and have given the information contained in these reports to the press from time to time.

(i) On the 23rd July, twenty prisoners were in the hospital on account of indifferent health and two on account of hunger-strike. No prisoner was on invalid diet, but 65 were on various forms of special diet : out of these 48 are on hunger-strike.

Mr. Mohan Lal Saksena : With reference to clause (a), may I know if there were any prisoners on hunger-strike before the 24th ?

Mr. J. A. Thorne : Two, I think.

Mr. Mohan Lal Saksena : Did these two prisoners go on hunger-strike because of the refusal of the Government of India to accept their demands ?

Mr. J. A. Thorne : No, Sir. They went on hunger-strike, I think, on the 19th.

Mr. Mohan Lal Saksena : What was the cause of their hunger-strike ?

Mr. J. A. Thorne : I am again very reluctant to speak from memory, but I think their reason for hunger-strike was that no answer had been received to their petition.

Mr. Sri Prakasa : How long does it take to make arrangements for the cremation of a body after a man is dead ? Has the Honourable Member ever heard of a parade of cremation before a man is actually dead ? Is it not scandalous ?

Mr. J. A. Thorne : I am afraid I cannot answer that question.

Mr. Mohan Lal Saksena : May I know cremation arrangements were made for how many prisoners ?

Mr. J. A. Thorne : I have not got that information.

Mr. Mohan Lal Saksena : With regard to clause (g) of the question, may I know whether the Honourable Member is not aware that I sent a telegram to the prisoners requesting them to give up the hunger-strike before the 6th of August ?

Mr. J. A. Thorne : I cannot answer that without notice.

Mr. Mohan Lal Saksena : Is it not a fact that telegrams to Andamans are sent through the Home Department of the Government of India ?

Mr. J. A. Thorne : Some have been sent through the Home Department ; others have been sent direct to the Chief Commissioner.

Mr. Mohan Lal Saksena : Will the Honourable Member take it from me that my telegram was sent before the 6th, and before that I had asked for permission to proceed to Andamans by the steamer which left on the 6th ?

Mr. J. A. Thorne : If the Honourable Member says so, I certainly take it from him that it is so.

Mr. Bhulabhai J. Desai : What is the latest information regarding the condition of these prisoners in the Andamans ?

Mr. J. A. Thorne : I am answering that in a minute.

Mr. Bhulabhai J. Desai : Do the Government of India intend to publish frequently if not daily information relating to their condition ?

Mr. J. A. Thorne : Well, Sir, the arrangement is, we get reports twice a week, but if there is anything of importance, that is to say, if there is any important change in the circumstances, it is the business of the Chief Commissioner to let us know at once, and that certainly would be published.

Mr. Bhulabhai J. Desai : Is there telegraphic or wireless communication with the Andamans ?

Mr. J. A. Thorne : Wireless.

Mr. Bhulabhai J. Desai : Can information be obtained regarding the condition of these prisoners every evening ?

Mr. J. A. Thorne : Does the Honourable Member mean the condition of each one of the 225 prisoners ?

Mr. Bhulabhai J. Desai : The condition of the prisoners generally. After all, I hope the Government appreciate that it is not a question of a change of condition which is unanticipated in case of a hunger-strike. Do the Government realise that delay of a day may mean the death of several hundreds ?

Mr. J. A. Thorne : I am certainly prepared, if there is such a desire in the minds of the Honourable Members of this House, to ask the Chief Commissioner to give us a daily bulletin instead of a weekly one.

Mr. Mohan Lal Saksena : I would like to know how many hands were specially engaged for purposes of cremation ?

Mr. J. A. Thorne : I did not understand that the Honourable Member's question (c) had anything to do with cremation. I thought he wanted to know the extra men employed in or about the jail.

Mr. President (The Honourable Sir Abdur Rahim) : No. 4.

Mr. Mohan Lal Saksena : Before you proceed with the next question, Sir, I may submit for your consideration that in clause (c) I have asked whether it is not a fact that about 80 extra hands were engaged before

the commencement of the strike. I want to know if the Honourable Member had time to find out the exact number of persons who were actually engaged ?

Mr. J. A. Thorne : The question as prepared by the Honourable Member was sent to the Chief Commissioner, and the answer is as I have given.

Mr. Mohan Lal Saksena : Will you please repeat it ?

Mr. J. A. Thorne : The question as prepared by the Honourable Member was sent by telegraph to the Chief Commissioner, and the answer is as I have read out.

Mr. Mohan Lal Saksena : I have not followed it. Will you please read it ?

Mr. J. A. Thorne : The answer was no. The question was—"Is it not a fact that about 80 extra hands were engaged before the commencement of the strike ?" The answer is no. Additional jail staff was employed on July 26th, that is, two days after the strike began. Additional medical staff from other hospitals in the Andamans was employed in the jail after the hunger-strike began.

ANDAMANS HUNGER-STRIKE.

Mr. Mohan Lal Saksena : (a) Is the Honourable the Home Member aware of the intensity of public opinion regarding the repatriation of the prisoners from Andamans ?

(b) Has he read the speeches and statements of prominent Indians, including Rabindra Nath Tagore, and the comments in the Press ?

(c) Is it a fact that several Provincial Governments have moved the Government of India for repatriation of prisoners from their respective provinces ?

(d) Will Government state the reasons for not repatriating the prisoners and abolishing Andamans as a convict settlement ?

(e) Will Government state how many prisoners have been repatriated during the last twelve months and for what reasons ?

(f) Is it not a fact that most of them were transferred on grounds of health only when their respective ailments were in an advanced stage ?

Mr. J. A. Thorne : (a) and (b). I am aware of the agitation that has been proceeding.

(c) The Government have received representations from some Provincial Governments.

(d) As regards repatriation of the prisoners the reasons have been fully stated in communications which have appeared in the Press. As regards the abolition of the convict settlement the reasons have been stated more than once : in particular I invite attention to the Home Department Resolution, dated the 27th February, 1926, and to the Honourable Sir Harry Haig's speech made in the Council of State on the 11th September, 1933.

(e) During the last twelve months 41 terrorist prisoners were repatriated as due for release ; one on account of suspension of sentence ; and 18 on medical grounds.

(f) No.

Mr. S. Satyamurti : With reference to clause (c) of the question, may I know, Sir, how many Local Governments and which Local Governments have applied to the Government of India for repatriation of their prisoners ?

Mr. J. A. Thorne : Here again I would not like to trust my memory, but I think I am right in saying that Madras and Bihar have applied, but there may also be others who have applied.

Mr. S. Satyamurti : Has not the Bengal Government which is responsible for most of the prisoners who are hunger-strikers applied to the Government of India for repatriation of their prisoners to Bengal ?

Mr. J. A. Thorne : No.

Mr. S. Satyamurti : What about the U. P. Government ? Have they or have they not applied for repatriation of their prisoners ?

Mr. J. A. Thorne : I understand there are no terrorist prisoners in the Cellular Jail who have been convicted in the United Provinces.

Sardar Mangal Singh : Has not the Punjab Government asked for repatriation of their prisoners ?

Mr. J. A. Thorne : I think not, but I am speaking from memory.

Mr. Mohan Lal Saksena : Is it or is it not a fact that there are at least two prisoners in the Andamans from U. P. ?

Mr. J. A. Thorne : I think there are many more than that.

Mr. Mohan Lal Saksena : Is it not a fact that the U. P. Government have asked for repatriation of all prisoners from the U. P. who are now in the Andamans ?

Mr. J. A. Thorne : My answer just now referred of course to prisoners in the Cellular Jail, but if it is a question of prisoners who are not in the Cellular Jail, I think it is a separate matter, and I should like to have notice.

Mr. Mohan Lal Saksena : How does the Honourable Member call them terrorists when they have not been tried ?

Mr. J. A. Thorne : That is a misapprehension which I must correct. There is not a single man in the Cellular Jail who has not been tried and convicted.

Mr. Kuladhar Chaliha : What about the two prisoners from Assam ?

Mr. J. A. Thorne : I am afraid I cannot reply precisely.

Mr. K. Santhanam : What action has been taken on the representation of the Madras Government for the repatriation of their prisoners ?

Mr. J. A. Thorne : The answer is in accordance with the policy of the Government as it has been communicated to the press. They are not prepared to consider the repatriation of prisoners so long as the hunger-strike continues.

Mr. M. Asaf Ali : I understand that some of these prisoners have been repatriated on medical grounds before. Is there any insuperable difficulty in the way of Government repatriating these hunger-strikers who are on their death bed, making it their only ground for doing so ?

Mr. President (The Honourable Sir Abdur Rahim) : That is an argument.

Pandit Lakshmi Kanta Maitra : Is it not a fact that only recently some of these hunger-strikers have been repatriated actually on medical grounds ?

Mr. J. A. Thorne : It is a fact that two were repatriated after the hunger-strike began. Both of them had been medically examined and their repatriation had already been decided upon on other grounds.

Pandit Lakshmi Kanta Maitra : Only two prisoners ? Our information is, some more on medical grounds.

Mr. J. A. Thorne : I thought that the Honourable Member was referring to the men who had gone on hunger-strike.

Pandit Lakshmi Kanta Maitra : Yes.

Mr. J. A. Thorne : My answer was that two of those who were on hunger-strike were repatriated two or three days after the hunger-strike began.

Mr. Sami Vencatachelam Chetty : What is the authority of the Government of India to keep those prisoners for whose repatriation the Provincial Governments have asked ?

Mr. J. A. Thorne : That is a legal question of which no notice has been given. I am prepared to answer that if I get notice.

Mr. M. Ananthasayanam Ayyangar : Is it not illegal for the Government of India to keep these prisoners in the Andamans after provincial autonomy has come into force ?

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

ANDAMANS HUNGER-STRIKE.

Mr. Mohan Lal Saksena : (a) Will the Honourable the Home Member please state whether it is a fact that a passenger on the steamer that sailed from the Andamans on the 28th July was arrested ?

(b) If so, for what reasons and offence ?

(c) Is it in any way connected with hunger-strike ?

(d) What is the name of the aforesaid passenger and what action do Government contemplate or have taken against him ?

Mr. J. A. Thorne : (a), (b) and (d). On the 28th July the son of a shopkeeper in the Andamans who was intending to travel to Calcutta was found to have smuggled in his baggage letters from convicts. He was arrested and put on trial. He pleaded guilty and was sentenced to a fine of Rs. 30 which was paid the same day.

(c) The incident was not in any way connected with the hunger-strike.

Mr. Mohan Lal Saksena : May I put one question which I ought to have put in connection with another question ?

Mr. President (The Honourable Sir Abdur Rahim) : Is it connected with these questions ?

Mr. Mohan Lal Saksena : In connection with No. 3. They arise out of these questions.

Mr. President (The Honourable Sir Abdur Rahim) : Out of this question ?

Mr. Mohan Lal Saksena : Out of this No. 5. May I know whether the Government are prepared to permit me or some other non-official Members who want to go to the Andamans to persuade these prisoners to give up their hunger strike ?

Mr. S. Satyamurti : At our own cost.

Mr. J. A. Thorne : I am not prepared to answer that on the spur of the moment.

Mr. Mohan Lal Saksena : Because the Honourable Member has said that the Government were not aware that I was going with intention of persuading the hunger-strikers.....

Mr. President (The Honourable Sir Abdur Rahim) : That does not arise out of this question.

Mr. Mohan Lal Saksena : I would like the Honourable Member to consult the Government and let me know.

ANDAMANS HUNGER-STRIKE.

Mr. T. S. Avinashilingam Chettiar : (a) Will the Honourable the Home Member state for how many days the hunger-strike among the Andaman prisoners has been going on ?

(b) What are the reasons for the strike ?

(c) What is the present state of the health of the strikers ?

(d) What action have Government taken in the matter ?

Mr. J. A. Thorne : (a) The general hunger-strike began on July 24th.

(b) I would refer the Honourable Member to the Home Department Communiqué, dated the 30th July, 1937, a copy of which has been placed on the table of the House.

(c) The condition of three prisoners is serious and the condition of one is critical. The general health of the other prisoners is fair.

(d) Every possible care is being taken of the prisoners.

Communiqué.

A large number of the terrorist convicts in the Andamans recently sent a petition to the Government of India requesting that throughout the whole of British India

(1) all detenus, State prisoners and convicted "political" prisoners be released ;

(2) all repressive laws repealed and all orders of internment withdrawn ;

(3) all "political" prisoners at present in the Andamans be returned to India and no more sent to the Andamans ;

(4) all "political" convicts be treated as class B prisoners.

In this connection it must be made clear that there are no detenus or State prisoners in the Andamans. All the prisoners in the Cellular Jail have been convicted by regular courts of serious terrorist crimes.

This petition was received by the Government of India on July 26th. On the 18th July the terrorist convicts informed the Chief Commissioner, Andaman and Nicobar Islands, that, unless the Government of India's reply was received by the 24th July, they would go on hunger-strike.

It is, of course, open to any individual prisoner, desiring premature release, or transfer to a jail in his own Province, to address a petition representing the circumstances of his own particular case to his Provincial Government but Government are in no circumstances prepared to entertain mass petitions from convicted prisoners particularly mass petitions on questions of broad policy of a general character. They have accordingly had no choice but to reject the petition in question.

The orders of the Government of India rejecting the petition were communicated to the prisoners on 22nd July and next day the great majority of the terrorist prisoners in the Andamans went on hunger-strike or work-strike.

HOME DEPARTMENT,
Simla, the 30th July, 1937.

STATEMENTS LAID ON THE TABLE.

Information promised in reply to starred question No. 1248, asked by Pandit Lakshmi Kanta Maitra on the 16th March, 1936.

DEGRADATION OF STAFF IN THE GEODETIC BRANCH OF THE SURVEY OF INDIA, DEHRA DUN.

(a) to (d). An order such as the Honourable Member refers to was issued and a copy is laid on the table. In establishments of this kind it is advisable, if possible, order was to secure this effect in a systematic and intelligible way. A copy of the order was given to each member of the Service concerned. As the order states, no question of special fault or misdemeanour was involved, nor strictly speaking any question of "degradation", as suggested by the Honourable Member. The alterations in class referred to in items (c) and (d) were of this nature.

It has, however, since been decided in order to avoid misunderstandings that such changes downwards in class should in future follow the procedure applicable to ordinary reductions.

(e) No. Promotion to the highest class is not by mere efflux of time but when a man has attained the qualifications necessary for it.

(f) No. The men have a right of appeal to the Surveyor General and until that right has been exercised, the Government of India do not propose to interfere.

Copy of Geodetic Branch Standing Order No. 12, dated Dehra Dun, the 10th August, 1935.

Subject.—RECLASSIFICATION OF OFFICERS OF THE L. S. S. WHO HAVE BEEN IN THEIR CLASS FOR 5 YEARS.

The Surveyor General of India has desired that the classification of every Lower Subordinate who has been 5 years in the same class, will be reviewed in the Promotion rolls every year beginning with the rolls for 1st January, 1936, and definite recommendations made for retention or change of class.

2. L. S. officers who fail to maintain the standard applicable to their class will be liable to reversion to a lower class at any time. Surveyors, who on account of ill health or other reasons are permanently transferred as draftsmen to a Drawing

Office will usually be reclassified as draftsmen and draw pay and increments as draftsmen according to their classification as such.

3. S. G. has also suggested that at the time of writing the qualification reports each year, the Officer in charge should record his view as to the class for which the L. S. officer reported upon is fit.

4. In keeping with the above instructions, Executive Officers in this Branch have recommended some L. S. S. officers for demotion from their existing classes to lower classes and if these recommendations are approved by S. G. the reductions will have effect from 1st January 1936 and similar readjustment of classes will be done every year.

It should be understood that such reductions in class are in no way indicative of special fault or misdemeanour.

The principle underlying this new procedure is that all officers should receive pay in accordance with their current qualifications in conjunction with that which accrues by mere length of service. The effects of over-classification in the past will thus not be perpetuated and declining qualifications will be taken into consideration, to the encouragement of those men who continue to improve and to keep themselves up to the standard of their class in the later years of their service.

5. This order is issued with a view of making the position clear to all officers of the L. S. S. and to avoid unnecessary appeals and representations. A copy of this order should be supplied to each L. S. S. Officer.

Information promised in reply to parts (a) to (f) of starred question No. 1210, asked by Pandit Nilakantha Das on the 13th October, 1936.

ADULTERATED TEA LEAVES SOLD FOR HUMAN CONSUMPTION.

(a), (b), (e) and (f). The information supplied by the Provincial Governments indicates that there is no tea unfit for human consumption which is being sold in India. Wet tea leaves after drying are used as adulterants in Calcutta (there is no information for other cities in India) but not to any considerable extent.

(c) and (d). There are two factories in Madras which manufacture refined black gram husk dust, refined sesbania leaf and refined cassia auriculata. The black gram dust, etc., manufactured there is sold as such to Bombay firms. This trade has declined from 80,000 maunds in 1930-31 to 2,000 maunds now. There is no information regarding the existence of similar factories elsewhere.

Information promised in reply to starred question No. 1281, asked by Pandit Govind Ballabh Pant and Nos. 1286 and 1287, asked by Mr. Mohan Lal Saksena on the 15th October, 1936.

DISPOSAL OF CAST IRON SCRAP ON THE NORTH WESTERN RAILWAY.

The attention of the Honourable Members is invited to the press communiqué issued by the Railway Board on the subject on 27th May, 1937, a copy of which has been placed in the Library of the House.

Information promised in reply to starred question No. 1420, asked by Seth Haji Sir Abdoola Haroon on the 16th October, 1936.

SEASONAL ASSISTANT MISTRIES IN THE POSTS AND TELEGRAPHS DEPARTMENT.

(a) Scales of pay vary according to localities. The scale of Rs. 20—1—40 is applicable to seasonal Assistant Mistries in certain localities.

(b) Services rendered in a season post count for increment in that post.

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(c) Yes—Seasonal appointments are sanctioned on the minimum of the time scale of pay fixed for the station and the class to which the establishment belongs, in the case of clerical, postmen and lower grade staff cadres.

(d) The facts are not as stated by the Honourable Member. Two seasonal wiremen whose designation was subsequently changed to Assistant Mistries were employed in the Allahabad and Lucknow Telegraph Offices and their pay was fixed for the time being at the minimum of the scale of Rs. 30—2—50 in force at that time. This scale of pay was subsequently reduced to Rs. 20—1—40.

(e) Yes, but only the Assistant Mistries referred to in part (d) above.

(f) The answer to the first part of the question is in the negative. With regard to the second part the matter is within the competence of the Postmaster-General who has already been instructed to grant increments due to the officials concerned.

(g) Does not arise in view of reply to part (f) above.

Information promised in reply to unstarred questions Nos. 251 to 255, asked by Pandit Sri Krishna Dutta Paliwal on the 16th October, 1936.

EXAMINATION FOR RECRUITMENT OF CLERKS IN THE GOVERNMENT OF INDIA SECRETARIAT AND ATTACHED OFFICES.

Question No. 251.—(a) Up to 1926, the Staff Selection Board used to hold combined examinations for all Divisions in which vacancies were anticipated and candidates were assigned to each category according to the marks they obtained. Since the Public Service Commission started their regular competitive examinations, one examination is held for the first and second divisions of the Secretariat and attached offices and another examination for the third division. The old scale of pay of the lower division in the Secretariat was higher than but not double that of the lower division in attached offices.

(b) and (c). The system of posting has undergone several changes during the years 1920—34. In the early years, a certificate to the effect that he had qualified for a particular division was issued to each candidate and the Departments and offices were requested to select qualified candidates for appointment. Those who "qualified" were given no guarantee of appointment and candidates were not always posted in the strict order of merit.

(d), (e) and (f). Particulars about the posting of candidates successful in the 1925 examination are not available. As the examinations were then qualifying, not competitive, Departments were at liberty to select from the list of qualified candidates persons who had already acquired experience by serving in a temporary capacity or, when a vacancy had to be filled urgently, persons who were immediately available. There was no irregularity involved in such appointments, as Departments were not bound to follow the order of merit.

EXAMINATION FOR RECRUITMENT OF CLERKS IN THE GOVERNMENT OF INDIA SECRETARIAT AND ATTACHED OFFICES.

Question No. 252.—(a) The Honourable Member is referred to the reply given to part (a) of question No. 251. The educational qualification for the examination for the first and second divisions is higher than that for the examination for the third or routine division.

(b) Yes.

(c) and (d). When there were only two divisions in attached offices, persons qualified for the second division and persons qualified for the routine division had both to be posted to the second division, but the former were given better prospects of promotion.

EXAMINATION FOR RECRUITMENT OF CLERKS IN THE GOVERNMENT OF INDIA SECRETARIAT AND ATTACHED OFFICES.

Question No. 253.—(a) and (b). The scales of pay were different. The position with regard to the holding of examinations has already been explained in reply to question No. 251.

(c) No. Ordinarily candidates qualified for the lower division Secretariat were not considered eligible for nomination to posts of Assistants in attached offices. In exceptional cases, however, the Commission declared a few candidates to be qualified for appointment to a division higher than the one for which the Staff Selection Board had declared them qualified.

(d) Does not arise.

(e) Government have no information regarding the careers of the candidates in question, but their educational qualifications are given in the Results' Statement for the year.

(f) and (g). If these persons are holding permanent appointments in the second division, they can now be promoted to the first division either in their own office or by transfer to other offices in accordance with the rules regulating promotion.

EXAMINATION FOR RECRUITMENT OF CLERKS IN THE GOVERNMENT OF INDIA SECRETARIAT AND ATTACHED OFFICES.

Question No. 254.—(a) The system of qualifying examinations has been discontinued and promotion is not now made on the results of such examinations. Information with regard to the number of persons who have not yet been provided for permanently in the divisions for which they have qualified was supplied to the Honourable Member in the reply given to his question No. 1361, asked on the 20th March, 1936, and subsequent particulars printed in the proceedings of the Assembly for the 11th September, 1936.

(b) and (d). No. Promotion is made in merits, but when merit is equal preference is given to persons who qualified for a higher division under the old system.

(c) This might be the case in view of the circumstances explained in reply to parts (b) and (c) of question No. 251.

EXAMINATION FOR RECRUITMENT OF CLERKS IN THE GOVERNMENT OF INDIA SECRETARIAT AND ATTACHED OFFICES.

Question No. 255.—(a) to (d). As no particular year or years have been mentioned and in the absence of more definite information of the cases which the Honourable Member has in mind, I am unable to verify the statements made.

Information promised in reply to unstarred question No. 10, asked by Mr. Sham Lal on the 25th January, 1937.

CONTRACTS OF BOOKSTALLS AND EUROPEAN REFRESHMENT ROOMS ON THE NORTH WESTERN RAILWAY.

(a) The bookstall contract has been sold and the contractor pays the Railway Rs. 7,650 per annum for this contract. As regards the contract for European Refreshment Rooms the policy of the Railway has been to give this contract to the firm that is best able to carry it out and to give the most efficient service.

(b) Passes are allowed to European Refreshment Room and bookstall contractors to enable them to maintain a high standard of service and to serve the travelling public at the lowest rates. It is, therefore, not considered desirable to withdraw such passes.

(c) The sale price in the European Refreshment Rooms of a bottle of Murre beer is Rs. 0.13-0 and that of a bottle of whisky varies between Rs. 8 and Rs. 10-8 0 according to the brand. The other prices quoted are generally correct.

(d) The prices charged in the European Refreshment Rooms are higher than the bazar prices because the contractor generally has to pay much higher licence fees than the bazar firms and also in order to cover the cost of the higher standard of service and other amenities. The European Refreshment Room prices and service are comparable with those of the better class hotels.

(e) The price per peg of whisky varies from Rs. 0-15-0 to Rs. 1-5-0. Retail prices per peg are ordinarily higher than the prices charged per bottle in the bazar, and the retail price charged by the contractor is necessary to cover the cost of service and other amenities, and is comparable with the prices charged in good class hotels.

Information promised in reply to starred questions Nos. 257, 300, part (b), 303, part (c), and 308, asked by Mr. Sri Prakasa on the 26th January, 1937.

DECORATIONS AT RAILWAY STATIONS ON THE OCCASIONS OF THE VISIT OF VICEROYS AND GOVERNORS.

Question No. 257.—On the understanding that the Honourable Member's question refers to the East Indian Railway :

- (a) Outside parties are not asked to undertake such decorations but there have been a few occasions on which a public body or institution has asked for permission to decorate a station.
- (b) The first part does not arise. As regards the latter part, whatever action it is proposed to take is subject to the approval of the competent railway authority.
- (c) The Railway may lend or hire out such decorative material as is required and available.
- (d) Platform tickets are not required to be purchased.
- (e) As regards licensed coolies, no : as regards whole-time railway employees, such assistance as can be given without detriment to their legitimate duties is not ordinarily refused.
- (f) No. Whenever decorations are being put up steps are taken to ensure that passengers are not inconvenienced.
- (g) No.

ALTERNATIVE ROUTES BETWEEN BENARES AND STATIONS ABOVE ALLAHABAD ON THE EAST INDIAN RAILWAY.

Question No. 300.—(b) 1st August, 1936.

TICKETS CHECKED AT THE BIDDING OF THE CRIMINAL INVESTIGATION DEPARTMENT OFFICIALS ON THE EAST INDIAN RAILWAY.

Question No. 303.—(c) No.

TICKETS FOR THE BENGAL AND NORTH WESTERN RAILWAY PLATFORM AT THE BENARES CANTONMENT RAILWAY STATION.

Question No. 308.—(a) The station is worked by the East Indian Railway for both its own traffic and the traffic of the Bengal and North-Western Railway : the latter having running powers into the station for its trains.

(b) Platform tickets are not issued on the Bengal and North-Western Railway system. It is, however, necessary to purchase a platform ticket to obtain admission to any of the platforms at Benares Cantonment, as the system of issuing platform tickets is in force at this station.

Information promised in reply to starred question No. 279, asked by Mr. M. Asaf Ali on the 26th January, 1937.

SALE OF PLOTS IN NEW DELHI.

(a) No. The area of New Delhi is roughly 30 square miles of which about one-third has been developed.

(b) It is not known to whom the Honourable Member refers. The Government are informed that the New Delhi Municipal Committee is very strict in enforcing its bye-law.

(c) The area behind the Modern High School was put to public auction, under certain conditions affecting building design.

(d) No. The average premium per plot of three to four hundred square yards was Rs. 1,951. The maximum bid for such plots was Rs. 2,250.

(e) It has now been decided to permit certain internal modifications not affecting the appearance or general design of the building.

Information promised in reply to starred question No. 327, asked by Mr. M. Asaf Ali on the 1st February, 1937.

GRIEVANCES OF THE PEOPLE OF THE DELHI PROVINCE.

The position with regard to professional tax, tax on wells and remission of land revenue is as follows :

Professional Tax.—This tax is levied under the Punjab District Boards Act, as applied to Delhi, first imposed by the District Board, Delhi, with the previous sanction of the Chief Commissioner, with effect from the 1st July, 1927, and revised from the 1st July, 1930. In times of distress and hardship, the recovery of this tax is waived.

Tax on wells.—The attention of the Honourable Member is invited to part 1 (a) of the statement laid on the table of the House, in reply to part (b) of his question No. 91, on the 4th September, 1935, and also to the replies given to Mr. Satyamurti's supplementaries to question No. 346, on the 14th September, 1936. Rs. 240 were remitted in Kharif 1936 and Rs. 588 during the previous three years, on wells which had gone out of use.

Remission of land revenue.—The following amounts have been remitted during the last three years :

Year.	Remission of land revenue.
	Ra.
1933-34	1,68,648
1934-35	709
1935-36	8,839

Information promised in reply to starred question No. 400, asked by Sardar Sant Singh on 16th February, 1937.
TICKETLESS TRAVELLERS ON STATE RAILWAYS.

Railways.	Under Section 112.				Under Section 113.			
	Let off.	Fares and penalty covered.	Punishment inflicted.	Pending Courts.	Total.	Let off.	Fares and penalty covered.	Punishment inflicted.
Assam Bengal Railway	1	53,287	13	14	10,563	2,110	1,522	6,931
Bengal Nagpur Railway	72	20,046	329	1,731	12,229	1,157	1,585	9,460
Bengal and North Western Railway.	1,881	271,891½	9,884	12,259	11,675	1,433	347½	9,884
Bombay, Baroda and Central India Railways.	..	228,932	..	275	128	2	118	..
Burma Railways	218	181,818	940	2,630	1,735	262	938	338
Eastern Bengal Railway	1,783	155,871	6,986	10,141	12,223	5,366	1,333	82
East Indian Railway	166	185,206½	4,825	13,084	38,079	7,353	13,153	1,832
Great Indian Peninsula Railway	91	228,824½	464	1,982½	3,167	1,376	1,614	32
Madras and Southern Mahratta Railway.	594	168,417	232	1,733	3,803	1,782	1,312	74
North Western Railway	809	298,397½	6,644	10,720	8,184	1,368	3,335	2,455
Rohilkund Railway	..	40,611	..	..	1,053	314	352	..
South Indian Railway	90	76,278	50	1,131	4,800	2,170	1,523	1,107

*This figure includes mendicants found travelling without ticket etc. whereas the figures for the other railways in the main do not.

Information promised in reply to parts (b) and (c) of unstarred question No. 29, asked by Mr. N. M. Joshi on the 19th February 1937.

BAN ON CONFIRMATION OF POSTAL CLERKS IN THE BOMBAY CIRCLE.

(b) and (c). In December, 1936, the Postmaster-General, Bombay, ordered that for the time being vacancies in the clerical cadre should not be filled permanently as they might be required to provide for the absorption of any members of the Telephone Revenue Accounting Staff of the Circle Office who were likely to be found surplus to the requirements of the new Central Telephone Revenue Accounting Office established at Delhi. The injunction has since been withdrawn. No hardship has been caused to any one as all the permanent staff in question has been transferred to Delhi.

Information promised in reply to starred question No. 464, asked by Sardar Sant Singh on the 2nd March, 1937.

INSUFFICIENT REPRESENTATION OF SIKHS IN THE POSTS AND TELEGRAPHS AUDIT OFFICES.

(a) (i) A statement showing the total sanctioned strength of each cadre, both temporary and permanent is placed on the table.

(ii) Deputy Accountant-General, Posts and Telegraphs, Delhi.

	Permanent.	Temporary.
Accountant	1	..
Upper Division clerks	3	5
Lower Division clerks	3	8
Sorters	2	..

Deputy Accountant-General, Posts and Telegraphs, Nagpur.

	Permanent.	Temporary.
Lower Division clerk	1	..

(b) The method of recruitment to the Upper Division and Lower Division clerical grades is partly by promotion of qualified men of the Lower grades and partly by direct recruitment of outsiders. The outsiders are recruited by Selection Boards in each office. The percentage of appointments fixed for each community, applicable only to direct recruitment is as follows :—

Name of office.	Muslims.	Other minority communities including Sikhs.
Dy. Accountant General, Posts and Telegraphs, Delhi	..	..
Accountant General, Posts and Telegraphs Delhi	33%	8-1/3%
Dy. Accountant General, Posts and Telegraphs, Calcutta.	40%	8-1/3%
Accounts Officer, Telegraph Check Office, Calcutta	40%	8-1/3%
Dy. Accountant General, Posts and Telegraphs, Madras	8-1/3%	8-1/3%
Dy. Accountant General, Posts and Telegraphs, Nagpur	5%	5%

(c) The number of men appointed and the number of men confirmed in different cadres in the Posts and Telegraphs Audit and Accounts Offices since 1931 are shown in the statement placed on the table. In the office of the Deputy Accountant General, Posts and Telegraphs, Delhi, where recruitment is made from Delhi Province, the Punjab, United Provinces, and the North-West Frontier Province, Sikhs have been given a considerable share of the vacancies reserved for "other minority communities including Sikhs". In the other Posts and Telegraphs Branch Audit Offices, where recruitment is ordinarily restricted to certain local areas in which 'Sikhs' do not form any appreciable part of the population, and in the office of the Accountant-General, Posts and Telegraphs, where recruitment is generally made from the Branch Offices, the absence or poor representation of Sikhs does not indicate that any injustice has been done to the Sikh community.

(d) No posts are reserved for members of the Sikh community alone, who, as shown in (b) above, along with members of other minority communities (other than Muslims) comprise a single class for whom appointments are reserved to the extent of 8-1/3 per cent. The question of making good a deficiency of members of Sikh community does not therefore arise. But in recruiting members of minority communities, other than Muslims, care is taken to see that there is no preponderance of any community.

Statement showing the total sanctioned strength of each cadre, both temporary and permanent in the different Posts and Telegraph Audit Offices in India.

Name of Offices.	Accountants.		Stenographer.		Upper Dn. Clerks.		Lower Divn. Clerks.		Typists.		Sorters.	
	Perma- nent.	Tempo- rary.	Perma- nent.	Tempo- rary.	Perma- nent.	Tempo- rary.	Perma- nent.	Tempo- rary.	Perma- nent.	Tempo- rary.	Perma- nent.	Tempo- rary.
Accountant General, Posts and Tele- graphs, New Delhi ..	6	1	1	..	44	77	..	..	3	2	..	..
Deputy Accountant General, Posts and Telegraphs, Delhi ..	19	..	..	..	305	70	113	99	4	1	61	31
Deputy Accountant General, Posts and Telegraphs, Calcutta ..	31	..	..	..	401	37	173	89	7	..	80	29
Deputy Accountant General, Posts and Telegraphs, Madras ..	15	..	..	..	235	3	105	27	3	1	59	18
Deputy Accountant General, Posts and Telegraphs, Nagpur ..	10	..	..	..	225	33	111	53	3	..	50	29
Telegraph Check Office, Calcutta ..	3	..	..	..	127	1	90	16	2	1	18	15

Statement showing the number of men appointed and confirmed since 1931 in different cadres in the Posts and Telegraphs Audit and Accounts Offices.

Name of Office.	Different Cadres.	Hindus.					Anglo- Indians.	Sikhs.	Indian Christians.	Parsees.	Other Communi- ty.
		5*	..	..	2*	..					
Accountant General Posts and Telegraphs, New Delhi	Clerks, Upper Division—	..	..	..	..	..	..	..	..	..	..
	Appointed	..	..	..	..	..	..	..	..	..	..
	Confirmed	..	..	..	..	..	..	..	..	..	..
	Clerks, Lower Division—	..	..	..	..	..	..	..	..	..	..
	Appointed	..	..	..	..	..	..	..	..	..	..
	Confirmed	..	..	..	..	..	..	..	..	..	..
	Sorters—	..	..	..	..	..	..	..	..	..	..
	Appointed	..	..	..	..	..	..	..	..	..	..
	Confirmed	..	..	..	..	..	..	..	..	..	..
	Typist —	..	..	..	..	..	..	..	..	..	..
	Appointed	1	..	..	..	..	..	..	..	..	..
	Confirmed	..	..	..	..	..	..	..	..	..	..

* Transferred from the Delhi A. O.

Name of Office.	Different Cadres.	Hindus.	Muslims.	Anglo-Indians.	Sikhs.	Indian Christians.	Parses.	Other Community.
Deputy Accountant General, Posts and Telegraphs, Calcutta.	Clerks, Upper Division—							
	Appointed ..	32	31	13	..	2	..	..
	Confirmed ..	8	9	6	..	1	..	..
	Clerks, Lower Division—							
	Appointed ..	193	77	11	..	17	..	..
	Confirmed ..	81	47	8	..	11	..	..
	Sorters—							
	Appointed ..	30	14	1	..	6	..	..
	Confirmed ..	13	4	..	..	2	..	..
	Typists—							
Deputy Accountant General, Posts and Telegraphs, Delhi.	Appointed ..	..	..	..	..	..	..	..
	Confirmed ..	..	..	..	..	..	..	..
	Clerks, Upper Division—							
	Appointed ..	21	11	1	3	..	..	..
	Confirmed ..	9	3	..	..	..	..	..
	Clerks, Lower Division—							
	Appointed ..	..	..	..	..	..	..	..
	Confirmed ..	..	..	..	..	..	..	..
	Typists—							
	Appointed ..	..	..	..	..	..	..	..

Deputy Accountant General, Posts and Telegraphs, Madras.	Appointed ..	81	54	4	8	4	..	..
	Confirmed ..	48	21	3	4	2	..	..
	Sorters—							
	Appointed ..	27	14	2	1	..	..	..
	Confirmed ..	13	7	..	1	2	..	..
	Typists—							
	Appointed ..	1	..	..	..	..	..	..
	Confirmed ..	3	1	..	..	..	..	..
	Clerks, Upper Division—							
	Appointed ..	2	2	..	..	..	..	..
	Confirmed ..	..	1	..	..	..	..	..
	Clerks Lower Division—							
	Appointed ..	31	10	3	..	6	..	..
	Confirmed ..	33	7	1	..	5	..	..
	Sorters—							
	Appointed ..	33	5	1	..	4	..	..
	Confirmed ..	24	5	..	..	3	..	..
	Typists—							
	Appointed ..	1	..	..	..	..	..	..
	Confirmed ..	..	..	..	..	..	..	..

Name of Office.	Different Cadre.	Hindus.	Muslims.	Anglo-Indians.	Sikhs.	Indian Christians.	Parses.	Other Community.
Deputy Accountant General, Posts and Telegraphs, Nagpur.	Clerks, Upper Division—							
	Appointed ..	37	10	..	..	1	2	..
	Confirmed ..	24	2	2	..	..	..	..
	Clerks, Lower Division—							
	Appointed ..	161	27	9	3	14	1	..
	Confirmed ..	68	9	2	1	2	..	..
	Sorters—							
	Appointed ..	50	6	..	..	6	..	..
	Confirmed ..	13	2	..	..	1	..	..
	Typist—							
	Appointed ..	1	..	..	..	..	..	..
	Confirmed ..	1	..	..	..	..	..	..

Account Officer, Telegraph Check Office, Calcutta.	Clerks, Upper Division—							
	Appointed ..	1	..	..	..	..	..	..
	Confirmed ..	..	..	..	..	..	..	..
	Clerks, Lower Division—							
	Appointed ..	14	8	..	..	2	..	..
	Confirmed ..	4	2	..	..	1	..	..
	Sorters—							
	Appointed ..	21	19	..	..	3	..	..
	Confirmed ..	7	9	..	..	..	..	..
	Typist—							
	Appointed ..	1	..	..	..	..	..	..
	Confirmed ..	..	..	..	..	..	..	..

Information promised in reply to starred question Nos. 466, 467 and 468, asked by Khan Bahadur Shaikh Fazl-i-Haq Piracha, on the 2nd March, 1937.

**ABSENCE OF TELEGRAPHIC OR TELEPHONE CONNECTIONS ON STATIONS ON THE
MALAKWAL BHERA BRANCH LINE, NORTH WESTERN RAILWAY.**

Question No. 466.—(a) Yes.

(b) The telegraph line was removed on the 3rd February, 1936, when both Miani and Bhera Stations were converted to non-block stations. This action was taken in pursuance of a policy to effect economy in working costs by the introduction of the "One Engine only" system of train working.

(c) The annual saving in rent charges for the telegraph wire, instruments, etc., is Rs. 649 per annum.

In addition to the above saving, it is calculated that there is a net saving of Rs. 3,134 per annum by the introduction of the " One Engine only " system.

ABSENCE OF TELEGRAPHIC OR TELEPHONE CONNECTIONS ON STATIONS ON THE
MALAKWAL BHERA BRANCH LINE, NORTH WESTERN RAILWAY.

Question No. 467.—(a) No data are available as separate accounts are not maintained for the section.

(b) A statement of the earnings arising on the Malakwal-Bhera Branch on account of booked traffic to and from stations during the year 1936 is enclosed. The proportion, which interchanged traffic, is not known. The total amounts to Rs. 2,08,173-9-0. The working costs of this section as a separate entity are not available as they are not maintained separately for each section.

(c) From no other.

(d) Telegraph lines are maintained primarily for line clear working which does not exist on the Malakwal-Bhera Branch, which is worked on the "One Engine only" system.

The length of line and frequency of train services on other Branch Lines renders it impossible to introduce this system of working thereon.

The short length of the Malakwal-Bhera Branch, which is only 17½ miles, lends itself to the adoption of the "One Engine only" system.

(e) The arrival and departure time of trains is advertised to the public by sheet time tables (as is the practice at all other flag stations) and no inconvenience has been experienced by the public on this Section as trains are run punctually.

Statement showing Earnings of Coaching and goods Traffic booked to and from Malakal-Bhera Section for the year 1936
(1st January to 31st December, 1936).

[illegible]

ABSENCE OF A TELEGRAPH OFFICE IN VILLAGE HAZURPUR AND DERAILMENT OF AN ENGINE AT BHERA RAILWAY STATION.

Question No. 468.—(a) Yes. But in the event of an accident a messenger is sent to Malakwal or Bhera, whichever is nearest, by lorries running on the adjacent road or on foot as the occasion demands.

(b) Yes. At 17.45 hours on the 9th February, the engine of 258 Down, which arrived from Malakwal at 15.30, derailed at Bhera.

The relief train from Malakwal was summoned to re-rail the engine by a telegram despatched from the public Telegraph Office at Bhera. At the time of the derailment the Station Master foresaw that it would not be possible to start 257 Up at 18.05 hours and furnished intending passengers with timely information as a result of which not a single ticket was issued for 257 Up and no passengers were detained in that train.

(c) The derailed engine was re-railed at about 3.00 hours on the 10th February and took up the timing of the next train to Malakwal, No. 255 Up, at 5.57 hours.

(d) The night train from Malakwal, No. 272 Down, due at Bhera at 9.40 hours on the 9th February, was cancelled and did not run on that date.

(e) As Nos. 257 Up and 272 Down were cancelled, passengers who came to the station were advised of this.

(f) The existence of telegraph or telephone connections on the line would not prevent intending passengers coming to stations in the case of accidents and the inconvenience experienced in the event of an accident cannot be considered a justification for the provision of a telegraph line. Accidents are of rare occurrence.

(g) Information regarding the accident was, as stated under (b), conveyed by the public telegraph line to Malakwal and also by a guard, who left Bhera by road motor.

(h) The engine derailed at 17.45 hours on the 9th February. Information regarding the accident was received at Malakwal from the Government Public Telegraph Office at 21.00 hours. The relief train with staff left Malakwal at 23.30 and reached Bhera at 0.30 on the 10th February.

Information provided in reply to part (a) of starred question No. 521, asked by Mr. M. Ananthasayan Ayyangar on behalf of Mr. S. Ryaksa on the 6th March, 1937.

SYSTEM OF MARKING AND RESERVATION OF SEATS IN INTERMEDIATE AND THIRD CLASSES ON THE EAST INDIAN RAILWAY.

The cost of marking the lines and fitting brackets to take name cards of passengers for whom seats are reserved was about Rs. 250.

Information promised in reply to unstarred questions Nos. 52, 53, 54, part (b), and 56, asked by Mr. Umar Ali Shah on the 6th March, 1937.

MAINTENANCE OF RECORDS OF SUBORDINATE NON-PENSIONABLE SERVANTS ON STATE RAILWAYS.

Question No. 52.—Government are informed as follows:

As regards the first part, there is no restriction against members of subordinate staff being permitted to see their service records should they wish to do so.

The second part does not arise.

ALLEGED LOSS OF LIVES DUE TO OVERCROWDING IN TRAINS DURING THE GARHMUKTESWAR FAIR.

Question No. 54.—The Agent, East Indian Railway, reports that the news item in the *Hindustan Times* of the 29th November, 1934, referred to was not brought to the notice of the Railway Administration. The question of contradicting it did not therefore arise.

QUOTA SYSTEM ON THE EAST INDIAN RAILWAY.

Question No. 54.—(b) The amount expended during 1936-37, on staff and publicity in connection with the Quota System on the East Indian Railway was:

Staff	423
Publicity	1,990

CATERING IN THE RAILWAY SCHOOL OF TRANSPORTATION, CHANDAULI.

Question No. 56.—Government are informed as follows:

(a) Yes.

(b) The best man suitable for the post of instructor is selected from the various posts on the East Indian Railway.

(c) It was not considered necessary to call for tenders as the question is entirely of obtaining good wholesome food hygienically prepared, and not of obtaining it at the cheapest rate.

(d) Presumably the question relates to the expenditure of messing allowance. If so, the position is that the rates have been very considerably reduced during recent years.

(e) Isolated complaints have been made in regard to the catering and these have received due attention. There have been no general complaints.

(f) No.

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Information promised in reply to starred questions Nos. 603, 605 and 606, asked by Mr. Muhammad Nauman on the 9th March, 1937.

RATES CHARGED FOR HIDES FROM ALLAHABAD AND CAWNPORE TO CALCUTTA.

Question No. 605.—(a) and (b). Rates per maund for dry and wet hides are as under :

	In minimum wagon loads of 400 maunds.	In small consignments.
	Rs. A. P.	Rs. A. P.
From Allahabad to Howrah	0 9 10	1 11 3
From Cawnpore to Howrah	0 10 7	2 1 5

(c) and (d).—The rates in force during the various periods are shown below :—

For hides, dry, in wagon loads.

Period.	To Howrah.	
	From Cawnpore.	From Allahabad.
	Per wagon. Rs. A. P.	Per wagon. Rs. A. P.
1912 to 1915	160 4 0	160 4 0
1916 to 1918	176 4 0	176 4 0
1919	No	change.
1920.. .. .	211 0 0	176 0 0
1921 to 1925	265 0 0	220 0 0
	Per maund. Rs. A. P.	Per maund. Rs. A. P.
1926.. .. .	0 14 2	0 11 9
1927 to 1930	0 10 7	0 10 7
1931 to date	0 10 7	0 9 10

For hides, wet, in wagon loads.

	Per wagon. Rs. A. P.	Per wagon. Rs. A. P.
1912 to 1915	160 4 0	160 4 0
1916 to 1918	176 4 0	176 4 0
1919.. .. .	No	change.
1920.. .. .	238 0 0	196 0 0
1921 to 1925	298 0 0	245 0 0
October 1925	265 0 0	
	Per maund. Rs. A. P.	Per maund. Rs. A. P.
1926 to date	0 10 7	0 9 10

For hides, wet or dry, in small consignments.

Period.	To Howrah.	
	From Cawnpore.	From Allahabad.
	Per maund. Rs. A. P.	Per maund. Rs. A. P.
1912 to 1916	1 3 2	1 3 2
1917 to 1921	1 11 1	1 6 1
1922 to 1927	2 1 4	1 11 2
1928 to 1935	2 1 3	1 11 1
1936 to date	2 1 5	1 11 3

DESPATCH OF HIDES FROM LOHARDAGA TO CALCUTTA BY LORRIES.

Question No. 605.—Government are not prepared to admit that the use of motor lorries for the conveyance of hides from Lohardaga to Calcutta is attributable to a lack of adequate arrangements for the carriage of such consignments by rail, as an investigation of the matter has revealed that the arrangements made by the Bengal Nagpur Railway for the carriage of hides and skins from the Ranchi area to Calcutta are satisfactory.

ARRANGEMENT FOR EXPEDITING TRANSHIPMENT OF HIDES AND SKINS FROM CERTAIN PLACES TO CALCUTTA.

Question No. 606.—(a) The procedure at Mokameh Ghat is that all consignments of hides and skins taken over from the Bengal and North-Western Railway during working hours are loaded and despatched by the first train the same day as far as possible. In exceptional cases consignments in small lots are detained to complete loads for the following day, but are not detained for more than 24 hours as a rule.

(b) No. The proportion of packages found to be damaged by wet is in fact negligibly small.

(c) At Mokameh Ghat the consignments are unloaded under a covered shed with raised platform and bordered on either side by the Bengal and North-Western and East Indian Railway wagons, which afford reasonable protection during rainy weather. In addition, paulins are always available for further protection to goods on hand, if necessary. The small proportion of damage by wet shows that present arrangements are quite satisfactory.

Information promised in reply to unstarred question No. 67, asked by Sardar Sant Singh on the 12th March 1937.

OVERTIME WORK IN THE CENTRAL TELEGRAPH OFFICE, MADRAS.

(a) and (b). The facts are not as stated by the Honourable Member. With a view to avoid serious delay to traffic during the busy months of December and January last, some staff were employed to work overtime and the Chief Superintendent, Central Telegraph Office, Madras, called upon the staff for co-operation in this matter in the interests of the service. No disciplinary action has been taken against any member of the staff for declining to work overtime.

(c) and (d). A telegraphist who was on duty from 15 to 22 hours on the 23rd December, 1936, is reported to have expired at his residence on the same day. He did only his full term of duty on that day and did not complain of any indisposition while in office. He was employed on overtime for two hours each day on the two previous days and was not called upon to take extra duty on the 23rd December, 1936.

(e) Yes.

(f) The facts as stated by the Honourable Member are wholly incorrect. The Assistant Superintendent on duty immediately 'phoned to the General Hospital for the Ambulance car. The official was in the meantime attended to by a few of the other telegraphists and clerks who were on duty. After about 20 minutes, the official recovered consciousness and stated that he was not willing to go to the hospital as he was subject to frequent epileptic attacks. The Assistant Superintendent on duty could not send the official to his residence immediately as he was living in a suburban station seven miles outside the city of Madras. He was allowed to take rest in the office and was granted leave on medical certificate for five days from the 19th January, 1937.

(g) Does not arise in view of the facts stated above.

Information promised in reply to starred questions Nos. 634, parts (b) and (c), and 636, asked by Mr. Sham Lal on the 13th March, 1937.

PRACTISING OF MEDICINE BY UNQUALIFIED AND UNREGISTERED PEOPLE.

Question No. 634.—(b) No. As stated in reply to part (a) of the question there is no law under which action can be taken.

(c) Does not arise.

REGISTRATION OF NURSES IN THE CENTRALLY ADMINISTERED AREAS.

Question No. 636.—(a) No.

(b) Does not arise.

Information promised in reply to starred question No. 674, asked by Mr. Sham Lal on the 15th March, 1937.

ACCOMMODATION FOR PATIENTS IN THE ANTI-RABIC HOSPITAL AT DELHI.

(a) No. The patients who visit Delhi for anti-rabic treatment make their own arrangements for accommodation and it is not correct that they have to stay in unsuitable quarters.

(b) No. The number of outside patients has been small and as they could not be compelled to occupy the quarters, the construction of quarters might lead to a waste of money.

Information promised in reply to starred questions Nos. 679, 680 and 681 asked by Bhai Parma Nand on the 16th March, 1937.

RESTRICTIONS ON THE KEEPING OF COWS IN QUARTERS IN NEW DELHI.

Question No. 679.—(a) Yes.

(b) According to the requirements of these bye-laws cows cannot be kept in some of the lower grade quarters.

(c) Yes.

(d) The practice of keeping cattle encourages fly breeding and attracts flies which cause intestinal diseases, several outbreaks of which have occurred in New Delhi during the last few years.

(e) Yes.

(f) The courtyards of the A. and B types of quarters could be described as open, sunny and airy but in the case of C, D and E types of quarters they are very small and crowded in by buildings to an extent which does not permit of the keeping of cattle under hygienic conditions.

(g) Government have no information as to the practice in other provinces. The Delhi Municipal Committee has framed bye-laws for the licensing of milch cattle stables. I cannot agree with the Honourable Member that the keeping of cows in dark rooms and streets is unobjectionable.

(h) Hindus regard the cow as an animal to be venerated, but many of them, living under urban conditions, find it possible to manage without keeping cows in their homes.

RESTRICTION ON THE KEEPING OF COWS IN QUARTERS IN NEW DELHI.

Question No. 680.—(a) The bye-laws apply to the entire population of New Delhi.

(b) 600 cattle can be comfortably kept in the cow-byres, and the daily yield of milk is reported to be roughly 59 maunds.

(c) If the Honourable Member suggests that the yield of these 600 cattle is not sufficient to meet the requirements of the entire population of New Delhi, this is probably so.

(d) Yes.

(e) The application of the Punjab Pure Food Act should impose an effective check on the quality of the milk.

(f) If the milk is strained and scalded there is no danger of its causing any disease.

(g) Yes.

(h) Where conditions are not suitable, it would not be advisable in the interest of public health, to allow residents to keep cows in their quarters.

RESTRICTION ON THE KEEPING OF COWS IN QUARTERS IN NEW DELHI.

Question No. 681.—(a) Government grants paid to the New Delhi Municipal Committee during the last three years were as follows :—

Year.	Amount. Rs.
1934-35	5,68,525
1935-36	5,54,835
1936-37	3,66,659

(b) The provision of cow-houses in Government bungalows and quarters is not the concern of the New Delhi Municipal Committee. The Committee do not permit cattle being kept in any house where a proper cow-house is not built.

Information promised in reply to parts (c) to (p) of starred question No. 700, asked by Mr. B. Das on the 19th March, 1937.

FILLING UP OF TEMPORARY VACANCIES IN THE GOVERNMENT OF INDIA OFFICES.

(c) Yes.

(d) No. As the nature of the work required the employment of experienced persons, such persons were engaged and the approval of the Home Department to the original and extended periods of their employment was obtained.

Information promised in reply to unstarred questions Nos. 100, 101, 104, 105 and 106, asked by Mr. Amarendra Nath Chattopadhyaya on the 20th March 1937.

REMOVAL OF CERTAIN DRIVERS FROM SERVICE IN DISREGARD OF SUBSIDIARY RULES FRAMED BY THE AGENT, EASTERN BENGAL RAILWAY.

Question No. 100.—Government are informed as follows :

- (a) Where any disregard of the rules is brought to light, the matter is taken up, but in the cases to which it is presumed the Honourable Member refers there has been no disregard of the rules.
- (b) The drivers were discharged by officers empowered to do so.
- (c) Two out of the three drivers appealed to the Agent who considered and rejected the appeals.
- (d) and (e). Do not arise.

DISPOSAL OF APPEALS AGAINST ORDERS OF DISCHARGE OR DISMISSAL ON STATE RAILWAYS.

Question No. 101.—Government are informed as follows :

- (a) (i) The reply to the first two parts is in the affirmative. As regards the last part, senior district superintendents were empowered to discharge lower subordinates and menial staff and to discharge all Indian subordinate staff drawing Rs. 150 per mensem and under. Junior and acting district superintendents were empowered to discharge or dismiss lower subordinates and menials and to discharge Indian subordinates in grades the maximum salary of which did not exceed Rs. 80 per mensem.
- (ii) A copy of the relevant extract from the Agent, East Indian Railway's circular No. 449, dated the 14th September, 1925, on the subject referred to by the Honourable Member is attached herewith.
- (iii) The staff were advised in this respect through the East Indian Railway Gazette, dated the 9th December, 1925, a copy of the relevant extract from which is attached herewith.
- (b) No. The divisional organisation on the East Indian Railway came into force with effect from the 1st July, 1925, but a specific delegation of powers to divisional superintendents was not made until the 14th September, 1925, when the circular quoted by the Honourable Member was issued.

Extract from Weekly Gazette, issued on 9th December, 1925.

1315. Notice to subordinate staff—

The staff are aware that under the new organisation Divisional Superintendents have powers very largely in excess of the powers formerly given to District Officers. In fact their powers are very much greater than those formerly exercised by Heads of Departments. On a very large system, such as the East Indian Railway has now become, without such a decentralisation of authority and work the administrative organisation in the head office tends to become overburdened.

As a further step in this decentralisation the staff are advised that, whilst I am fully prepared to give the most careful personal consideration to all appeals regarding dismissals, discharges and loss of gratuity, if received through the proper channel, appeals, against all other orders passed on their cases can in future only be to the officer immediately above the officer passing the orders. For example, if a Divisional Superintendent has reduced a member of the staff, or has superseded him by another man, the member of the staff may appeal to the Chief Operating Superintendent or if he is one of the Engineering staff, to the Chief Engineer. In such cases appeals should not be addressed to me.

Extract from Circular No. 449, dated 14th September, 1925.

Re-organisation of the East Indian Railway Powers of Divisional Superintendents.

The powers of Divisional Superintendents with effect from 1st October, 1925, and the procedure with regard to various items are detailed below :

NOTE.—The expression " Agent's sanction " does not mean that a reference to the Railway Board is not necessary in certain cases.

Section I.

Works.

Section II.

Staff.

II. Discharge and Dismissal.—Divisional Superintendents to have full powers except in the case of gazetted officers and covenanted staff and other staff drawing Rs. 425 and over.

(in the case of Engineering staff Rs. 325).

LEVY OF INCOME-TAX FROM THE STAFF EMPLOYED IN THE ANGLO-INDIAN AND DOMICILED EUROPEAN ASSOCIATION, CALCUTTA.

Question No. 104.—(a) The reply to the first part is in the negative.

(i) The employees of the Association are honorary workers, except that payment is made to the menial staff and some allowance is paid to the typist.

(ii), (iii) and (vi). I am debarred by section 54 of the Indian Income-tax Act, 1922, from giving the information required.

(iv) Yes, but he is an honorary worker.

(v) It is reported that this is the case.

(vii) The journal is reported to be the property of a private person.

(b) This part of the question does not arise.

GRANT OF UNRECORDED LEAVE ON THE EASTERN BENGAL RAILWAY.

Question No. 105.—(a) A somewhat similar practice prevails on certain divisions of the East Indian Railway though the details vary.

(b) No.

(c) No. Government see no reason for interfering in a matter of this kind.

PROVISION OF RENT-FREE QUARTERS TO THE STAFF ON STATE RAILWAYS.

Question No. 106.—(a) Under the rule in State Railway Code (revised 1933), Chapter II, paragraph 2, rent is charged for all quarters, except those occupied by inferior staff, subject to the exceptions mentioned in note 2 under that rule.

(b) Yes, in some cases.

(c) The deciding factor in the case of persons appointed prior to the introduction of the revised rent rules is whether or not the employee was in a category, or held a post, prior to the introduction of the new rules, to which the privilege of rent free quarters was attached.

(d) So far as Government is aware rent is charged in accordance with the provisions of the rules.

Information promised in reply to starred question No. 721, asked by Babu Kailash Behari Lal on the 30th March, 1937.

OVERHAULING OF THE PATNA JUNCTION RAILWAY STATION.

(a) Yes.

(b) The Agent, East Indian Railway, reports that the work has been in progress for some time and it is hoped that the main block will be completed by March 31st, 1938. The delay in starting the work was due to the necessity for making a complete remodelling plan for the yard and goods shed, etc., before work was started on the station building.

Information promised in reply to starred question No. 736, asked by Mr. Ram Narayan Singh on the 30th March, 1937.

GRIEVANCES OF PASSENGERS ON THE BARAKAKHANA LOOP LINE OF THE EAST INDIAN RAILWAY.

The Agent, East Indian Railway, states that a representation was received from the Vice-Chairman of the Dalatongunj Municipality in regard to train timings only and no mention was made therein of an overbridge and passenger sheds. A reply was sent to the representation stating that the existing trains provided suitable connections with most of the main line trains and any alteration in timings of trains on this loop would result in connection with main line trains being missed and also that the traffic offering did not provide financial justification for running additional trains.

Information promised in reply to starred question No. 745, asked by Mr. Mohan Lal Saksena on the 30th March, 1937.

PERSONS REFUSED PASSPORTS.

The names of the persons who were refused passports during the year in question cannot be furnished. The number is 224. This includes a large number of persons whose applications for passports were refused on economic grounds.

Information promised in reply to starred question No. 750, asked by Mr. Umar Ali Shah on the 30th March, 1937.

FITTINGS AND FURNISHINGS OF REFRESHMENT ROOMS ON THE NORTH WESTERN RAILWAY.

(a) to (c). All necessary furniture is supplied by the Railway free of charge. Replacements, except such as are necessitated by fair wear and tear, are made by the Railway at the expense of the contractor. This arrangement did not apply to the Hindu refreshment room at Delhi. The latter had been furnished by the lessee when the Delhi station was under the control of the East Indian Railway, and this arrangement was allowed to continue till the termination of the lessee's agreement with the Administration in February, 1937. The contractor since appointed has been permitted to supply the necessary furniture on the understanding that the Railway will take over and pay the cost, as the Railway does not stock the special type of furniture that is required in this room.

(d) No.

Information promised in reply to parts (b), (d), (e) and (f) of starred question No. 755, asked by Sir Abdul Halim Ghuznavi on the 30th March, 1937.

FISHING ON THE BAY OF BENGAL BY JAPANESE TRAWLERS.

(b) No license has been issued to the Japanese trawler "the Shinkyo Maru". The question asked in the second part does not therefore arise.

(d) Yes.

(e) No facilities have been granted to the Japanese trawlers.
(f) Yes.

Information promised in reply to parts (b) and (d) of starred questions Nos. 762 and 764, asked by Mr. Lalchand Navalrai on the 30th March, 1937.

GROUP INSPECTORS OF SPECIAL TICKET EXAMINERS ON THE NORTH WESTERN RAILWAY.

Question No. 762.—The Agent, North-Western Railway, reports that :

- (b) The Group Inspectors check trains as a counter check of the work of the Special Ticket Examiners working under them.
- (d) The Group Inspectors are supplied with uniforms, but on some Divisions they have not hitherto been supplied with badges. All Inspectors are now being supplied with badges.

The Group Inspector on the Rawalpindi Division wears uniform when on duty, and the Group Inspector on the Karachi Division usually wears his uniform, but occasionally he goes in mufti with permission.

RIGHTS AND PRIVILEGES OF THOSE IN SERVICE AFTER THE SEPARATION OF RAILWAY ACCOUNTS AND AUDIT.

Question No. 764.—(a) The actual words used in paragraph 67 of the Financial Commissioner of Railways' Memorandum presented to the Legislative Assembly on the separation of Accounts from Audit are :

"In accordance with accepted policy all changes introduced will provide for the protection of the existing rights and privileges of those already in service. Concessions will also be given to those who are expected to move from their homes if their conditions of engagement are for local service."

This assurance was always intended to apply only to men who were holding substantive appointments in the combined Audit and Accounts Offices.

(b) Seven Inspectors who had been provisionally confirmed or were permanent before 1st April, 1929, for whom permanent posts of Inspectors were not available after separation, were declared supernumerary and allowed to retain the old audit scale of pay of Inspectors as a concession. This was not done under Fundamental Rule 22, but under special orders.

(c) Yes. But as already stated the concession given to Inspectors, who held substantive posts prior to separation of Accounts from Audit, was not allowed under Fundamental Rule 23.

(d) The information is given below :

(i) *Before separation.*

	No. of sanctioned posts.	Actuals.
Inspectors class I Rs. 300—20—500	11	11
Inspectors class II Rs. 120—15—270	36	34
Eight officiating (two against permanent post and six against men on deputation or officiating in higher grades).		

(ii) *After separation.*

Senior Inspectors Rs. 290—20—450	9	9
Junior Inspectors Grade I, Rs. 150—15—270	13	13
Junior Inspectors Grade II, Rs. 130—8—170	16	16
Junior Inspectors Grade II (Temporary)	9	7 Supernumerary 8 officiating.

(two against temporary posts and six against men on deputation or officiating in higher grades).

(e) On North-Western Railway seven. There is no such case on any other State-managed Railway.

(f) No, because their case does not stand on the same footing as that of men who held permanent appointments.

Information promised in reply to unstarred questions Nos. 123 and 127, asked by Mr. B. B. Varma on the 30th March, 1937.

OVERBRIDGE OVER THE LEVEL CROSSING NORTH TO THE JAMALPUR RAILWAY STATION.

Question No. 123.—(a) The foot overbridge at the north end of Jamalpur station was erected at a cost of Rs. 31,000.

(b) The position is that the level crossing at this point is across 12 tracks and to overcome the detentions experienced, it was decided, after careful consideration, to provide a road overbridge to replace the level crossing. This overbridge is now under construction at some distance from the level crossing and on its completion the existing foot bridge will be dismantled and used elsewhere on the railway.

SCALES OF PAY FOR THE SUBORDINATE STAFF ON THE EAST INDIAN RAILWAY ACCOUNTS DEPARTMENT.

Question No. 127.—(i) Yes.

(ii) Yes.

(iii) No.

(iv) Yes. But only ten men on Rs. 150—10—200 scale—the old Oudh and Rohilkund Railway scale and 19 on Rs. 170—10—200 scale—the old East Indian Railway Company scale are eligible for this concession.

(v) No. Such promotions were allowed at the time of the election referred to and are also allowed now.

(vi) No.

(vii) Does not arise.

(viii) and (ix). Yes. Re-election was allowed in these cases because at the time of election they were wrongly given to understand that their election was confined only to the scales of pay of their substantive grades and that on promotion to higher grades they were to come on the new scales of pay.

(x) No. There was no misunderstanding on the East Indian Railway.

(xi) The collection of this information will involve a great deal of time and labour and Government do not consider that any useful purpose will be served by it.

(xii) Yes. The memorials were rejected.

Information promised in reply to starred question No. 788, asked by Mr. Sham Lal on the 31st March, 1937.

MANDI AT THE NARELA RAILWAY STATION IN THE DELHI PROVINCE.

(a) (i) Yes.

(ii) Yes. The exact amount realised was Rs. 1,75,900.

(iii) No. The only undertaking that appears to have been given was to the effect that the proceeds of the ground rent, if realised, would be utilised by the District Board for the upkeep of the Mandi and the construction of feeder roads to the neighbouring villages with a view to attracting trade.

(iv) No new tax has been imposed by the District Board. Only house tax has been levied by the Notified Area Committee, Narela.

(v) No. Arrangements have been made by the local authorities to look after the sanitary condition of the Mandi and also for lighting it. As regards the roads the Honourable Member is referred to the reply to part (iii) above.

(vi) A well was constructed inside the Mandi by the District Board, but when its water was found brackish another well outside the Mandi has been constructed.

(b) and (d). No separate account has been kept, but according to the records of the District Board a sum of Rs. 60,394 has been spent on the Mandi in the manner indicated below :

	Rs.
Cost of land acquired	8,562
Construction of pucca masonry works with gates and metalled roads inside the Mandi	36,832
Raising and straightening the Nawana-Narela <i>kaohcha</i> road	15,000
	60,394

The balance amounting to Rs. 1,15,506 has been spent in defraying the ordinary expenses of the District Board. A sum of Rs. 1 lakh was originally earmarked out of this amount for the improvement of the Mandi but when the shopkeepers left the Mandi in 1922 and refused to return, the money was utilised for other purposes.

(c) Does not arise.

(e) Yes. There is already a pucca road leading from Narela to Alipur. The other two places are outside the jurisdiction of the Delhi Administration.

(f) This is a matter of opinion.

(g) The Honourable Member is referred to the reply given to part (a) (vi) above. If the people concerned wish to sink another well they should apply to the District Board who will consider the question.

(h) No particular enquiry seems called for. The District Board are prepared to consider any grievances that may be represented to them.

Information promised in reply to question No. 794 asked by Babu Baijnath Bajoria on the 31st March, 1937.

ACQUISITION OF A BUILDING IN PURANI MANDI, AJMER, TO PROVIDE A LIQUOR SHOP ON RENT.

(a) Yes.

(b) Yes. The Assistant Commissioner, Ajmer-Merwara, who is *ex-officio* Collector under the Land Acquisition Act, Ajmer, is also *ex-officio* Collector, Excise Revenue.

(c) No. The liquor shop has been located in the same house for a period of over 30 years and has not been detrimental to public peace during the whole of that period.

(d) No. The objections made were rejected by the Local Administration.

(e) The amount of the award made is Rs. 8,227 and the present rent is Rs. 63 per mensem.

Information promised in reply to starred question No. 805 asked by Mr. Mohan Lal Saksena on the 31st March, 1937.

REPRESENTATION REGARDING THE AMALGAMATION OF THE TWO CLERICAL GRADES IN THE OPERATING DEPARTMENT OF THE DIVISIONAL SUPERINTENDENT'S OFFICE, LUCKNOW.

(a) The reply to the first part is in the affirmative. As regards the second part, the request of the clerks was not granted as the conditions of working in the Accounts Department are not analogous to those in the Operating Department.

(b) Yes.

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

Information promised in reply to starred question No. 812 asked by Pandit Lakshmi Kanta Maitra on the 31st March, 1937.

INSANITARY CONDITION OF THE GOL MARKET AREA IN NEW DELHI.

(a) The Government understand that the Health Officer, New Delhi, has visited the Gol Market area and the neighbourhood very frequently, but no record of inspections has been kept.

(b) and (c). No. This is not so.

(d) The sanitary and conservancy arrangements in this area are satisfactory and no fresh measures are proposed.

Information promised in reply to starred question No. 819 asked by Dr. N. B. Khare on the 31st March, 1937.

MEAT SHOPS IN THE MINTO ROAD AREA, NEW DELHI.

(a) Yes. A third shop (for Jhatka meat) was closed as the tenant could not secure sufficient business.

(b) No complaints have been received by the New Delhi Municipal Committee.

(c) No. Meat was not obtainable only on the 15th and 16th March, 1937, since the butchers in Old Delhi closed their shops and no meat could be procured by the New Delhi shopkeepers who are dependent for their supply of meat on the Delhi Slaughter House.

(d) Does not arise.

(e) The New Delhi Municipal Committee will consider this question, if there is a genuine demand for more meat shops.

Information promised in reply to unstarred questions Nos. 137 and 142 asked by Mr. Amarendra Nath Chattopadhyaya on the 31st March, 1937.

REVISION OF THE FREE PASS RULES FOR THE RAILWAY STAFF.

Question No. 137.—(a) Presumably the Honourable Member is referring to the staff employed in the Railway Department (Railway Board). If so, there was no difference in the scales of pay of ministerial staff employed in the Railway Department (Railway Board) and of staff employed in other departments of Government of India recruited before November, 1924. From that date, the scales of pay of staff in the Railway Department (Railway Board) were fixed at a lower level than those in force in other departments in view *inter alia* of the fact that the former were in receipt of Railway free passes. From July, 1931, however, the scales of pay fixed for staff employed in the Railway Department (Railway Board) are the same as for the staff employed in other departments of the Government of India.

(b) (i) A statement showing the old and the revised scales of pay of ministerial staff employed in the Railway Department (Railway Board) is attached as annexure 'A'.

(ii) As regards the old scales of pay for the ministerial staff in the Posts and Telegraphs Department, the Honourable Member is referred to Chapters VII to XII of the Posts and Telegraphs Department Manual of Appointments and Allowances, a copy of which is in the Library of the House.

As regards the revised scales of pay for such staff the Honourable Member is referred to the Government of India, Industries and Labour Department Memorandum No. E.S.A.-130/33 (2), dated the 11th March, 1935, a copy of which also is in the Library of the House.

(iii) A statement showing the old and the revised scales of pay of the ministerial staff in the Customs Department is attached as annexure 'B'.

(iv) The old scales of pay are given in the Pay and Cadre Schedules of Central Services, and the new scales of pay in the Revised Rates of Pay Rules, copies of both of which are in the Library of the House.

(c) In view of the last portion of the reply to part (a) above this does not arise.

ANNEXURE "A".

Statement showing the Old and Revised Scales of Pay of Ministerial Staff of the Railway Department (Railway Board).

	Old scales.	Revised scales (1924).	Revised scales (1931).
	Rs.	Rs.	Rs.
1. Superintendent. ..	600—40—800 ..	550—30—700	500—20—600.
2. First Division.			
Probationer, Officiating and Temporary, Assistants. ..	175	180—15—450	140—10—280 (Efficiency bar)—10—310—15—400.
Lower time-scale ..	200—15—365—efficiency bar—380—15500.		
Upper time-scale for selected men (15 per cent. of the permanent staff) as it stood on the 1st November, 1924.	375—25—500.		
3. Second Division.			
Probationers, Officiating and Temporary Assistants. ..	80	100—8—260	80—4—120—5—200 (Efficiency bar after 125).
Ordinary grade ..	100—8—156—efficiency bar—164—8—300.		
Special grade (10 per cent. of permanent staff) as it stood on the 1st November, 1924.	300—25—350.		
4. Third Division ..	100—8—156 ..	75—5—150	60—2—80—3—125 (Efficiency bar after Rs. 95)
5. Stenographers ..	175—9—400 ..	150—10—300	125—5—180—10—300.

ANNEXURE "B".

Statement showing the Old and Revised Scales of Pay of the Ministerial Staff in the Customs Department.

	Post.	Old scale of pay.	Revised scale of pay.
		Rs.	Rs.
	Auditor.		
Madras ..	Chief Accounts Officer	400—20—700 ..	300—20—500.
Karachi ..		400—20—700 ..	310—20—550.
Calcutta ..		500—35—850 ..	400—200—600.
Bombay ..		500—35—850 ..	400—20—600.
Bombay ..	Superintendents ..	275—15—425 ..	250—15—400.
	Deputy Superintendents	No separate scale ..	200—10—250.
	Clerks, Upper Division ..	110—5—230 (S. P. of Rs. 30 for supervising clerks).	80—80—5—150—10—200.
	Stenographers ..	150—5—200 ..	90—5—150 (Special pay of Rs. 25 for the Collector's Stenographer).
	Lower Division Clerks ..	60/60—4—100—3—160.	Lower Grade 50—3—95. Higher Grade 100—5—160 (E. B. at 130).
	Typists ..	No separate scale	50—5/2—90—5—100.
Calcutta ..	Superintendents ..	300—20—500—50/2—550.	250—15—400.
	Treasurer ..	400—10—500 ..	300—10—400.
	Deputy Superintendents	200—10—300 ..	200—10—250.
	Clerks, Upper Division ..	80—80—100—5—150—10—200.	80/80—5—180.
	Clerks, Lower Division ..	45/45—50—3—110—5—120.	45/45—5—2—90—3—105.
	Stenographers ..	100—10—200 ..	80—4—160 (with special pay of Rs. 25 for Collector's Stenographer).
	Typists ..	45—5/2—100 ..	45—45—5/2—90.

	Post.	Old scale of pay.	Revised scale of pay.
		Rs.	Rs.
Madras ..	Superintendents ..	200—10—250 ..	175—15/2—250.
	Deputy Superintendents	125—5—175 ..	100—10/2—150.
	Upper Division Clerks ..	70—3—85—4—125 ..	55—5/2—70—7 1/2—100.
	Lower Division Clerks ..	40—2—60—2 1/2—95 ..	40—3/2—55—5/2—70.
	Stenographers ..	65/65—5—90—3—105	60—4—100.
Karachi ..	Superintendents ..	300—10—400 ..	230—10—300.
	Deputy Superintendents	230—10—300 ..	175—10—225.
	Stenographers ..	120—5 1/2—175 ..	75—5—150.
	Clerks, Upper Division ..	Two posts on 175—5—225. Others on 125—5—160	150—5—175. 80—5—140.
	Clerks, Lower Division ..	45—2 1/2—70—3—115..	45/45—5/2—90—3—105.
	Typists ..	70—5—100—4—120..	45/45—5/2—90.

TRANSFER OF STAFF EMPLOYED IN THE CARRIAGE AND WAGON SECTION ATTACHED TO THE DIVISIONS OF THE EAST INDIAN RAILWAY.

Question No. 142.—Government are informed as follows :

(a) and (b). No.

(c) The bulk of the staff of the carriage and wagon branch at Howrah are artisans and inferior servants and normally it is not considered in the interests of service to transfer such classes of staff.

(d) No, only such staff are promoted as train examiners as are qualified and competent for such posts.

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

Information promised in reply to starred question No. 824 asked by Pandit Lakshmi Kanta Maitra on the 2nd April, 1937.

GRADES OF COAL FIXED BY THE INDIAN COAL GRADING BOARD.

(a) (i) Yes.

(ii) Yes.

(iii) No. The relative efficiencies of coals when burnt in locomotive boilers are found not to agree strictly with the grades fixed by the Grading Board.

(b) No.

L183LAD

Information promised in reply to starred question No. 827 asked by Seth Sheodass Daga on the 2nd April, 1937.

EXPIRY OF LEASES OF NAZUL LANDS IN CERTAIN AREAS IN DELHI.

- (a) Yes.
- (b) No. The lessees do not seem ever to have asked the authorities to renew the leases.
- (c) Yes.
- (d) No leases have been renewed in the area.
- (e) None.
- (f) The Bandhanis are being charged rent at the rate of As. 6 per 100 square yards per mensem which was fixed in 1921. Others to whom plots have been allotted in this locality are charged rents ranging from As. 12 to Rs. 2 per 100 square yards per mensem.
- (g) On the renewal of a lease the rent is enhanced according to the terms of the lease, subject to any maximum limit prescribed by the lease, and after taking into consideration the letting value of the land at the time of the renewal.
- (h) In the Western Extension Area there was a 100 per cent. increase at the time of renewal. This is the maximum prescribed under the terms of the leases. There has been no renewal of long term leases elsewhere.
- (i) No application is pending. As regards renewals generally, in view of the transfer of the management of the Nazul Estate to the Improvement Trust, it will be for the Improvement Trust to fix the rents.
- (j) No. There is no such proposal.
- (k) and (l). Do not arise.
- (m). The matter will now be one for the Improvement Trust.

Information promised in reply to starred question No. 828 asked by Mr. C. N. Muthuranga Mudaliar on the 2nd April, 1937.

ALLEGATIONS AGAINST THE CUSTOMS AUTHORITIES IN CUDDALORE.

(a) The locality referred to is Devipattanam Beach which is close to the French enclave of Behour from which goods are known to be smuggled. Such an operation is facilitated by large gatherings of people during bathing festivals. On the 25th February, 1937, 17 persons were found coming from the direction of the French territory carrying new articles of clothing. Many of them had several garments each of the same kind. As none of them were able to produce customs duty receipts or evidence of purchase in British India, the articles were confiscated and penalties were imposed under section 7 (1) of the Land Customs Act, 1924. One new sari was found on the beach on the 26th February. It was unclaimed and has accordingly been confiscated. It will be seen that the use of the word "indiscriminately" is not justified by the facts.

(b) to (f). On receipt of information that smuggled articles, chiefly silk, were secreted and used by the girl student residing in the Christian and Hindu Hostels attached to the Government Girls' School, Tirupappuliur, and by one Mrs. Rukmani Ammal, music mistress of the school, residing at No. 13, Babu Rao Street, the Assistant Inspector of Salt Revenue, Southern Range, conducted on the 10th March, 1937, with the permission of the Lady Superintendent, a search of the hostel premises and the residence of the mistress, after obtaining a search warrant from the Sub-Magistrate. The search of the hostels lasted from 3 P.M. to about 6-15 P.M. Thereafter, statements of the residents of the Christian Hostel were recorded till 10-45 P.M. and of the Hindu Hostel till 12-45 A.M. From the three places contraband silk worth about Rs. 250 to Rs. 300 was seized. Government agree that the late hour at which enquiries were conducted was calculated to cause inconvenience, mental worry and anxiety to the residents. The officer responsible has been dealt with for his indiscretion in holding his enquiry at such a late hour.

(g) Section 5 (3) of the Land Customs Act, 1924.

(h) Duty is chargeable on vegetables and other perishable articles when they are imported in quantities in excess of ordinary personal requirements.

(i) No. Exemption to a more limited extent was allowed for some time. Experience showed that the concession was abused and involved a considerable loss of revenue. The concession was consequently withdrawn.

MOTIONS FOR ADJOURNMENT.

BANNING OF THE KOTHAPATAM SCHOOL OF ECONOMICS AND POLITICAL SCIENCE.

Mr. President (The Honourable Sir Abdur Rahim) : Order, order. I have received notice of a motion for an adjournment of the business of the House from Professor N. G. Ranga to this effect :

" I hereby give notice of my intention to move the adjournment of the House to discuss a definite matter of urgent public importance, namely, the banning of the Kothapatam School of Economics and Political Science by Madras Government under the Criminal Law Amendment Act and charging the students and lecturers with *lathis*, before and after arresting them and lodging them in the sub-jails."

His Excellency the Governor General has disallowed this by the following Order :

(While the Order was being read by the Chair, Members on the Government Benches stood in their seats.)

" In exercise of the power vested in me by sub-rule (2) of rule 22 of the Indian Legislative Rules, I, Victor Alexander John, Marquess of Linlithgow, hereby disallow the motion of Professor N. G. Ranga to move the adjournment of the House for the purpose of considering 'the banning of the Kothapatam School of Economics and Political Science by Madras Government under the Criminal Law Amendment Act and charging the students and lecturers with *lathis* before and after arresting them and lodging them in the sub-jails', on the ground that the motion relates to a matter which is not primarily the concern of the Governor General in Council.

LINLITHGOW,

Viceroy and Governor General."

SIMLA,
The 19th August, 1937.

FEELINGS OF INDIAN MUSLIMS ON THE PALESTINE QUESTION.

Mr. President (The Honourable Sir Abdur Rahim) : The next motion is in the name of Mr. M. Ghiasuddin, which is to this effect :

" I wish to move the adjournment of the business of the House at the next sitting of the Assembly on the following grounds :

" This House do now adjourn to discuss a definite matter of urgent public importance and of recent occurrence, namely, the failure of the Government of India to advise His Majesty's Government correctly as regards the feelings of Indian Muslims on the Palestine question. This failure resulted in acceptance by His Majesty's Government the recommendations of the Royal Commission on Palestine greatly to the detriment of Arabs in that country."

His Excellency the Governor General has disallowed this by the following Order :

" In exercise of the power vested in me by sub-rule (2) of rule 22 of the Indian Legislative Rules, I, Victor Alexander John, Marquess of Linlithgow, hereby disallow the motion of Mr. M. Ghiasuddin to move the adjournment of the House for the

[23RD AUG. 1937.]

purpose of considering 'the failure of the Government of India to advise His Majesty's Government correctly as regards the feelings of Indian Muslims on the Palestine question. This failure resulted in acceptance by His Majesty's Government the recommendations of the Royal Commission on Palestine greatly to the detriment of Arabs in that country', on the ground that the motion relates to a matter which is not primarily the concern of the Governor General in Council.

SIMLA,
The 19th August, 1937.

LINLITHGOW,
Viceroy and Governor General."

(While the Order was being read, Members on the Government Benches stood in their seats.)

Mr. M. Ananthasayanam Ayyangar (Madras ceded Districts and Chittoor : Non-Muhammadan Rural) : On a point of order, Sir. While you are standing.....

Mr. President (The Honourable Sir Abdur Rahim) : There can be no point of order while the Chair is standing.

NON-EXPORT OF INDIAN SUGAR ABROAD EXCEPT TO BURMA.

Mr. President (The Honourable Sir Abdur Rahim) : The next notice of a motion for an adjournment of the business of the House is in the name of Mr. Avinashilingam Chettiar. It runs thus :

"I propose to ask leave to move for the adjournment of the House to discuss a definite matter of urgent public importance, namely, the agreement made by the Government of India in the last International Sugar Conference agreeing not to export Indian sugar abroad except Burma."

Mr. T. S. Avinashilingam Chettiar (Salem and Coimbatore *cum* North Arcot : Non-Muhammadan Rural) : In view of the undertaking given by the Honourable the Commerce Member to allot a day so that this matter may be discussed threadbare and that they will not come to any final understanding before it has been discussed in this House, I do not move my motion.

GOVERNMENT POLICY IN RESPECT OF THE TRIBES ON THE NORTH-WEST FRONTIER OF INDIA.

Mr. President (The Honourable Sir Abdur Rahim) : The next motion is in the name of Mr. S. Satyamurti. It states :

"I hereby give you notice that I intend asking the leave of the Honourable the President and of the House to move that the House do stand adjourned, to consider a definite matter of urgent public importance, on the first day of the Session, or the next day available for the purpose, namely, the futile and costly policy of the Government of India in respect of the Tribes on the North-Western Frontier of India."

This motion has been disallowed by His Excellency the Governor General, and the Order is this :

"In exercise of the power vested in me by sub-rule (2) of rule 22 of the Indian Legislative Rules, I, Victor Alexander John, Marquess of Linlithgow, hereby disallow the motion of Mr. S. Satyamurti to move the adjournment of the House for the purpose of considering 'the futile and costly policy of the Government of India in respect of the Tribes on the North-Western Frontier of India', on the ground that the motion cannot be moved without detriment to the public interest."

SIMLA,
The 19th August, 1937.

LINLITHGOW,
Viceroy and Governor General."

(While the Order was being read, Members on the Government Benches stood in their seats.)

Mr. M. Ananthasayanam Ayyangar : I should like to know this. When you are standing, all others are to sit. But in this case, how is it that, when you are standing, others also stand ?

Some Honourable Members : Order, order.

Mr. M. Ananthasayanam Ayyangar : I am raising a point of order. I won't allow myself to be shouted down. I am entitled to a hearing. Will you, Sir, rebuke those who have interrupted me ?

Mr. President (The Honourable Sir Abdur Rahim) : What is the point of order ?

Mr. M. Ananthasayanam Ayyangar : The point of order is this. When you are standing and reading out, conducting the business of the House, it is not open to any Honourable Member to stand. He has got to sit down. Such being the case, when you were reading out, how could the others stand ?

Mr. President (The Honourable Sir Abdur Rahim) : It is not a point of order. They stand there, not to speak, but out of respect to the Viceroy and Governor General.

Sir Muhammad Yamin Khan (Agra Division : Muhammadan Rural) : On a point of order, Sir. I want to know your opinion whether this should be considered as a message to the House from the Governor General, or it is a decision on a matter which is under his jurisdiction ?

Mr. President (The Honourable Sir Abdur Rahim) : I have read it out as an Order of the Governor General.

Mr. M. A. Jinnah (Bombay City : Muhammadan Urban) : I understood you just now to say that this was a message from His Excellency the Governor General.....

Mr. President (The Honourable Sir Abdur Rahim) : No. I said it was his order.

Mr. M. A. Jinnah : You said that you stood out of respect. I want to definitely understand this—if the order is to be merely communicated, then why should the Chair stand up ? I understood you to say that you did so out of respect.

An Honourable Member : Not he.

Mr. President (The Honourable Sir Abdur Rahim) : I stood out of respect to the House. (Loud Applause.)

Sir Muhammad Yamin Khan : It is the procedure of the House that when the President is on his legs the Members must be sitting down. When the Honourable the President has been reading out only a decision of the Governor General it has not been the practice in this House for any Honourable Member to stand up while the President is on his legs.

Mr. President (The Honourable Sir Abdur Rahim) : I never asked any Honourable Member to rise in his seat.

Maulana Zafar Ali Khan (East Central Punjab : Muhammadan) : Will you please allow me to make a few remarks. I want to know whether this House is a debating society, pure and simple.

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member cannot make any such remark. The Honourable Member must withdraw that remark.

Maulana Zafar Ali Khan : Alright, I bow before your superior decision ; but what I want to say is this. The question of Palestine and the question of the North-West Frontier are questions which are greatly exercising the minds of the Mussalmans of India.....

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member cannot argue that question. The Governor General has got the power to disallow any motion under the rules.

Maulana Zafar Ali Khan : You can curb us.

Mr. President (The Honourable Sir Abdur Rahim) : I cannot allow that. The Honourable Member must withdraw that remark.

Maulana Zafar Ali Khan : I have withdrawn my remark.

MISREPRESENTATION OF INDIA'S FEELINGS AND ASPIRATIONS AT THE IMPERIAL CONFERENCE.

Mr. President (The Honourable Sir Abdur Rahim) : The next motion stands in the name of Mr. Satyamurti who says :

" I hereby give you notice that I intend asking the leave of the Honourable the President and of the House to move that the House do stand adjourned, to consider a definite matter of urgent public importance, on the first day of the Session, or the next available day for the purpose, namely, the misrepresentation of India's feelings and aspirations at the Imperial Conference by the Honourable Sir Muhammad Zafrullah Khan, the Government of India representative on the same."

This has been disallowed by the Governor General by his Order which says :

" In exercise of the power vested in me by sub-rule (2) of rule 22 of the Indian Legislative Rules, I, Victor Alexander John, Marquess of Linlithgow, hereby disallow the motion of Mr. S. Satyamurti to move the adjournment of the House for the purpose of considering ' the misrepresentation of India's feelings and aspirations at the Imperial Conference by the Honourable Sir Muhammad Zafrullah Khan, the Government of India representative on the same ' on the ground that the motion cannot be moved without detriment to the public interest."

LINLITHGOW,

Viceroy and Governor General."

SIMLA,

The 19th August, 1937.

Then, motion No. VI about the World Sugar Conference has been covered by Mr. Chettiar's motion.

PROTECTION OF THE INTERESTS OF INDIANS IN SOUTH AFRICA.

Mr. President (The Honourable Sir Abdur Rahim) : The next motion is by Mr. Satyamurti who says :

" I hereby give you notice that I intend asking the leave of the Honourable the President and of the House to move for the adjournment of the business of the House, to discuss a definite matter of urgent public importance, on the first day of the Session, or the next day available for the purpose, viz., the failure of the Government of India to take prompt and effective action to protect the interests of Indians in South Africa in respect of recent proposed discriminatory legislation."

Mr. S. Satyamurti (Madras City : Non-Muhammadan Urban) : I understand that the legislation has been dropped for the present and the Commissioners are not going to be appointed, and, therefore I do not propose to move this motion.

INDIAN INTERESTS AT ZANZIBAR.

Mr. President (The Honourable Sir Abdur Rahim) : Then, No. 7 is not moved. Then, Motion No. 8 is also in the name of Mr. Satyamurti who says :

" I hereby give you notice that I intend asking the leave of the Honourable the President and of the House, for the adjournment of the business of the House, on the first day of the Session, or the next available day for the purpose, to discuss a definite matter of urgent public importance, namely, the failure of the Government of India to take prompt and effective action to protect the legitimate interests of Indians in Zanzibar."

Is there any objection ? (No objection being taken). The motion will be taken up at 4 o'clock today.

PANEL OF CHAIRMEN.

Mr. President (The Honourable Sir Abdur Rahim) : I have to inform the House that under rule 3 (1) of the Indian Legislative Rules, I nominate Sir Muhammad Yakub, Mr. S. Satyamurti, Sir Leslie Hudson and Sir Cowasji Jehangir on the Panel of Chairmen for the current Session.

GOVERNOR GENERAL'S ASSENT TO BILLS.

Secretary of the Assembly : Sir, information has been received that the following Bills which were passed by both Chambers of the Indian Legislature during the Delhi Session, 1937, have been assented to by His Excellency the Governor General under the provision of sub-section (1) of section 68 of the Government of India Act, as continued by section 317 of the Government of India Act, 1935 :

1. The Agricultural Produce (Grading and Marking) Act, 1937,
2. The Indian Naval Armament (Amendment) Act, 1937,
3. The Land Customs (Amendment) Act, 1937,
4. The Indian Income-tax (Amendment) Act, 1937,
5. The Indian Lac Cess (Amendment) Act, 1937,
6. The Arbitration (Protocol and Convention) Act, 1937,
7. The Workmen's Compensation (Amendment) Act, 1937,
8. The Code of Civil Procedure (Amendment) Act, 1937,
9. The Code of Civil Procedure (Second Amendment) Act, 1937,
10. The Indian Electricity (Amendment) Act, 1937,
11. The Indian Boilers (Amendment) Act, 1937,
12. The Contempt of Courts (Amendment) Act, 1937,
13. The Indian Tea Cess (Amendment) Act, 1937,
14. The Indian Limitation (Amendment) Act, 1937,

15. The Indian Army (Amendment) Act, 1937,
16. The Code of Civil Procedure (Third Amendment) Act, 1937,
17. The Indian Red Cross Society (Amendment) Act, 1937,
18. The Hindu Women's Rights to Property Act, 1937,
19. The Arya Marriage Validation Act, 1937,
20. The Repealing and Amending Act, 1937,
21. The Indian Tariff (Amendment) Act, 1937, and
22. The Payment of Wages (Amendment) Act, 1937.

**AGREEMENTS BETWEEN THE RESERVE BANK OF INDIA AND
THE GOVERNMENTS OF MADRAS, THE PUNJAB, SIND,
ASSAM AND THE UNITED PROVINCES.**

The Honourable Sir James Grigg (Finance Member) : Sir, I lay on the table a copy each of the Agreements between the Reserve Bank of India and the Governments of Madras, the Punjab, Sind, Assam and the United Provinces.

GOVERNMENT OF MADRAS.

FINANCE (WAYS AND MEANS) DEPARTMENT.

AN AGREEMENT made this first day of April 1937 BETWEEN THE GOVERNOR OF THE PROVINCE OF MADRAS of the one part and THE RESERVE BANK OF INDIA (hereinafter called "the Bank") of the other part WHEREAS the Bank was constituted and incorporated and is regulated by the Reserve Bank of India Act, 1934 (being Act No. II of 1934) as adapted and modified pursuant to the Authority contained in Section 293 of the Government of India Act 1935 by an Order of His Majesty in Council dated the Eighteenth day of March 1937 cited as the India and Burma (Burma Monetary Arrangements) Order 1937 (hereinafter called "the Act") with and subject to the various powers, provisions and restrictions in and by the Act set forth and it was thereby *inter alia* particularly provided as follows, viz.,

- (1) by section 20 of the Act that the Bank should undertake to accept monies for account of Provincial Governments and to make payments up to the amount standing to the credit of their accounts and to carry out their exchange, remittance and other banking operations including the management of the public debt and
- (2) by section 21 (1) of the Act that Provincial Governments should entrust the Bank on such conditions as might be agreed upon with all their money, remittance, exchange and banking transactions in India and, in particular, should deposit free of interest all their cash balances with the Bank provided that nothing in that sub-section should prevent Provincial Governments from carrying on money transactions at places where the Bank has no branches or agencies and that Provincial Governments might hold at such places such balances as they may require and
- (3) by section 21 (2) of the Act that Provincial Governments should entrust the Bank, on such conditions as might be agreed upon, with the management of the public debt and with the issue of any new loans.

NOW IT IS HEREBY MUTUALLY AGREED AND DECLARED by and between the said parties hereto as follows, that is to say:—

1. This agreement shall come into force on the first day of April 1937.
2. The general banking business of the Government of Madras (hereinafter referred to as "the Government") including the payment, receipt, collection and remittance of money on behalf of the Government shall

**AGREEMENTS BETWEEN THE RESERVE BANK OF INDIA AND THE GOVERN- 91
MENTS OF MADRAS, THE PUNJAB, SIND, ASSAM AND THE UNITED PROVINCES.**

be carried on and transacted by the Bank in accordance with and subject to the provisions of this agreement and of the Act and with and to such orders and directions as may from time to time be given to the Bank by the Government through any Government officer or officers authorized by the Government in that behalf and at any of the offices, branches or agencies of the Bank for the time being in existence as may from time to time be so directed and for this purpose such accounts shall be kept in the books of the Bank and at such offices, branches or agencies of the Bank as shall be necessary or convenient or as the Government shall from time to time direct in the manner aforesaid.

3. The Government shall employ the Bank as the sole Banker in India of the Government who shall deposit or cause to be deposited with the Bank or allow the Bank to receive and hold as banker the whole of its cash balances at any places at which for the time being the Bank shall have an office, branch or agency and the Bank shall subject to such orders as may from time to time be given by the Government in the manner aforesaid receive and hold for the Government all such monies as may be or become payable to the Government or on its account and the Bank shall transact at its offices, branches and agencies for the time being existing respectively all such business for the Government regarding the receipt, collection, payment and remittance of money and other matters, as is usually transacted by bankers for their customers. The Bank shall make the said monies at the said offices, branches and agencies available for transfer to such places and at such times as the Government may direct. No interest shall be payable to the Government on any of the monies for the time being held by the Bank.

4. The management of the rupee public debt of the Government and the issue of new rupee loans by the Government and the performance of all the duties relating thereto respectively including the collection and payment of interest and principal and the consolidation, division, conversion, cancellation and renewal of securities of the Government and the keeping of all registers, books and accounts and the conduct of all correspondence incidental thereto shall be transacted by the Bank at its offices in Bombay, Calcutta and Madras and at any of its offices, branches or agencies at which respectively the administration of any portion or portions of the public debt of the Government is for the time being conducted or interest thereon is for the time being payable and the Bank shall also keep and maintain such registers, books and accounts in respect of the said public debt as the Government may from time to time direct and shall audit all payments of such interest and act generally as agents in India for the Government in the management of the said public debt and shall conduct such agency subject to such orders and directions with regard to the general management thereof as may from time to time be given to the Bank by the Government.

5. The Bank shall not be entitled to any remuneration for the conduct of the ordinary banking business of the Government other than such advantage as may accrue to it from the holding of the Government cash balances free of obligation to pay interest thereon, and such balances shall be maintained at an amount not below such minimum as may be agreed upon between the Government and the Bank from time to time.

Provided that if the Government wishes to remit funds outside the area within its jurisdiction, except as otherwise provided for in this agreement, the Bank shall be entitled to make a charge for such remittances at rates not exceeding those which the Bank charges to Banks referred to as "scheduled banks" in section 42 of the Act, subject to a minimum charge of four annas for each remittance.

6. The Bank shall make ways and means advances to the Government if so required at such rate of interest not exceeding bank rate as may be fixed by the Bank from time to time, provided that the total of such advances outstanding at any one time shall not exceed the amount

of the minimum balance prescribed under Clause 5 and any subsidiary agreement provided under the Clause and provided further that the advances outstanding shall be fully paid off at intervals not exceeding three months.

7. The Government shall employ the Bank as its sole agent for investments by Government either of Government funds or of funds managed by the Government and the Bank shall be entitled to charge commission for sales (but not for purchases or conversions) at the rate of 1/16 per cent. in addition to any further charges which the Bank may have to pay by way of brokerage, etc. The Bank shall collect interest and the maturity values of such investments on behalf of the Government without charge.

8. As remuneration to the Bank for the management of the public debt as aforesaid the Bank shall be entitled to charge to the Government half-yearly a commission at the rate of Rs. 2,000 per crore per annum on the amount of the public debt as aforesaid at the close of the half-year for which the charge is made. In calculating this charge the following amounts shall be excluded from the amount of public debt, viz. :—

(a) The amounts of loans discharged outstanding after one year from the date of a notice of discharge.

(b) The amount of stock certificates for Rs. 50,000 and upwards held by the Government or by any officer or officers of the Government authorized in that behalf, provided that such amount exceeds one crore.

And in addition to the charge of Rs. 2,000 per crore per annum the Bank shall be entitled to charge to the Government a fixed sum of Rs. 2,000 a year on account of the stock certificates referred to in head (b) of this clause and the Bank shall be also entitled to charge the public (but not the Government) all such fees and charges as are now or may hereafter from time to time be prescribed by the Madras Government Securities Rules, 1937, for duplicate securities and for the renewal, consolidation, division or otherwise of all Government Securities which the Bank issues :

Provided that loans not directly issued by the Government but issued under the guarantee of the Government shall not be included in the calculation for the purpose of this clause but shall be a matter for separate arrangement if the management of such loans is entrusted to the Bank.

9. The Bank shall maintain currency chests of its issue department at such places within the Madras Province as the Government may, with the previous sanction of the Central Government, prescribe and the Government shall provide sufficient accommodation for such chests as may be required for the deposit of notes or coin and shall be responsible to the Bank for the safe custody of the said chests, notes and coin. The Bank shall keep the said chests supplied with sufficient notes and coin to provide currency for the transactions of the Government and reasonable remittance facilities to the public at the said places. The Government shall supply the Bank with such information and returns as the Bank may from time to time require as to the composition of the balances in the said chests and the amount and nature of the transfers to and from the said chests. The Bank shall have access to the said chests at all reasonable times for the purpose of inspecting and checking the contents. The Government shall be responsible to the Bank for the examination and correctness of coin or notes at the time of deposit in or withdrawal from the said chests.

10. The Bank shall not be at liberty to close any of its offices or branches except on Sundays, New Year's Day, Christmas Day, Good Friday and on any other day declared to be a public holiday by any notification published in pursuance of the Negotiable Instruments Act (Act XXVI of 1881), subject nevertheless and notwithstanding the provisions of

AGREEMENTS BETWEEN THE RESERVE BANK OF INDIA AND THE GOVERN- 93 MENTS OF MADRAS, THE PUNJAB, SIND, ASSAM AND THE UNITED PROVINCES.

that Act to any special orders or directions which may be issued by the Government and the Bank shall be responsible that no one of its agencies doing Government business for the time being existing shall be closed except on Sundays and on public holidays authorized by the Government within whose jurisdiction such agencies may be respectively situated.

11. The responsibility for all loss or damage to the Government which may result from any act or negligence or omission of the Bank or its agents in conducting the business of the public debt aforesaid or the payment of interest or discharge value thereon or the renewal, conversion, consolidation, subdivision or cancellation of any Government security shall rest with and be borne by the Bank provided however that it shall not be incumbent on the Bank to verify signatures and endorsements on Government securities which *prima facie* appear to be in order and in the acceptance of which the Bank shall not be guilty of any negligence and in such cases no liability shall be incurred by the Bank in respect thereto PROVIDED ALSO that in regard to the ordinary banking business at the offices, branches and agencies of the Bank of receiving and realizing money and securities for money on account of the Government and paying cheques, orders, draft bills and other documents whether negotiable or not in the Bank's capacity of bankers for the Government and whether such business be done by the Bank or by agencies on its behalf the responsibility to the Government shall be that of the Bank and such responsibility shall be that of a banker to an ordinary customer.

12. The Bank shall remit on account of the Government between India and London such amounts as may be required by it from time to time at the market rate of the day for telegraphic transfers, subject to the proviso that if a large transfer has to be effected in connexion with the flotation or repayment of a sterling loan or analogous operation, and if it is considered by either party to be inappropriate to apply the rate of a single day, an average rate based on a longer period may be fixed by agreement between the two parties.

13. This agreement may be determined by either party giving to the other party one year's notice in writing expiring on the 31st day of March in any year, such notice if given by or on behalf of the Government to be addressed to the Governor of the Bank and to be served by leaving the same with the Head Office of the Bank or addressing the same to him at the Head Office of the Bank by registered post and if given by the Bank to be served by leaving the same with or addressing the same by registered post to the Secretary to the Government in the Finance Department and immediately upon the expiration of such notice this agreement shall absolutely cease and determine save as to rights or liabilities acquired or incurred prior to such termination.

14. In the event of any dispute arising as to the terms and conditions of this agreement, or as to the rights or obligations of the parties hereto such dispute or difference of opinion shall, in the event of the parties hereto failing to reach an agreement, be referred to the Governor General whose decision shall be final and binding as between the parties hereto.

15. Nothing in this agreement shall operate to affect in any way the obligations imposed either on the Government or on the Bank by or under the Act or any subsequent amendment or amendments of the Act.

16. The Bank shall be entitled to perform all or any of the matters contained in this agreement through such agency or agencies as may be prescribed by the Act or any amendment thereof or as may be approved by the Government.

IN WITNESS WHEREOF Mr. Cyril Edgar Jones, C.I.E., I.C.S., Secretary to the Government of Madras in the Finance Department by the order and direction of the Governor of the Province of Madras has hereunto set his hand and the common seal of the Reserve Bank of India pursuant to a Resolution of its Central Board

has been hereunto affixed in the presence of its subscribing officials the day and year first above written.

Signed by the said Mr. Cyril Edgar Jones, C.I.E., I.C.S., Secretary to the Government of Madras in the Finance Department, for and on behalf of the Governor of the Province of Madras in the presence of D. W. DODWELL, Additional Deputy Secretary to the Government of Madras, Finance Department.

C. E. JONES,

Secretary to the Government of Madras, Finance Department.

The Common Seal of the Reserve Bank of India was affixed hereto in the presence of Sir Purushotomdas Thakurdas, Kt., C.I.E., M.B.E.,

and

Mr. Bustom Pestonji Masani two of its Directors and Sir James Braid Taylor, Kt., C.I.E., its Deputy Governor.

Common
Seal of the
Reserve Bank
of India.

PURUSHOTAMDAS
THAKURDAS,
R. P. MASANI,

Directors.

J. B. TAYLOR,

Deputy Governor.

Agreement between the Governor of the Punjab and the Reserve Bank of India.

AN AGREEMENT made this twentysixth day of May, 1937, BETWEEN THE GOVERNOR OF THE PUNJAB of the one part and THE RESERVE BANK OF INDIA (hereinafter called "the Bank") of the other part.

WHEREAS the Bank was constituted and incorporated and is regulated by the Reserve Bank of India Act, 1934 (being Act No. II of 1934) (hereinafter called "the Act") as adapted and modified pursuant to the Authority contained in section 293 of the Government of India Act, 1935, by an Order of His Majesty in Council, dated the eighteenth day of March, 1937, cited as the India and Burma (Burma Monetary Arrangements) Order 1937 with and subject to the various powers, provisions and restrictions in and by the Act set forth and it was thereby *inter alia* particularly provided as follows, viz. :—

- (1) by section 20 of the Act that the Bank should undertake to accept monies for account of Provincial Governments and to make payments up to the amount standing to the credit of their accounts and to carry out their exchange, remittance and other banking operations including the management of the public debt, and
- (2) by section 21 (1) of the Act that Provincial Governments should entrust the Bank on such conditions as might be agreed upon with all their money, remittance, exchange and banking transactions in India and, in particular, should deposit free of interest all their cash balances with the Bank provided that nothing in that sub-section should prevent Provincial Governments from carrying on money transactions at places where the Bank has no branches or agencies and that Provincial Governments might hold at such places such balances as they may require, and
- (3) by section 21 (2) of the Act that Provincial Governments should entrust the Bank, on such conditions as might be agreed upon, with the management of the public debt and with the issue of any new loans.

NOW IT IS HEREBY MUTUALLY AGREED AND DECLARED by and between the said parties hereto as follows, that is to say :—

1. This agreement shall be deemed to have come into force on the first day of April, 1937, and the previous agreement, dated the 2nd November, 1935, is hereby cancelled.

95 AGREEMENTS BETWEEN THE RESERVE BANK OF INDIA AND THE GOVERNMENTS OF MADRAS, THE PUNJAB, SIND, ASSAM AND THE UNITED PROVINCES.

2. The general banking business of the Government of the Punjab (hereinafter referred to as "the Government") including the payment, receipt, collection and remittance of money on behalf of the Government shall be carried on and transacted by the Bank in accordance with and subject to the provisions of this agreement and of the Act and in accordance with and subject to such orders and directions as may from time to time be given to the Bank by the Government through any Government officer or officers authorized by the Government in that behalf and at any of the offices, branches or agencies of the Bank for the time being in existence as may from time to time be so directed and for this purpose such accounts shall be kept in the books of the Bank and at such offices, branches or agencies of the Bank as shall be necessary or convenient or as the Government shall from time to time direct in the manner aforesaid.

3. The Government shall employ the Bank as the sole Banker in India of the Government who shall deposit or cause to be deposited with the Bank or allow the Bank to receive and hold as banker the whole of its cash balances at any places at which for the time being the Bank shall have an office, branch or agency and the Bank shall subject to such orders as may from time to time be given by the Government in the manner aforesaid receive and hold for the Government all such monies as may be or become payable to the Government or on its account and the Bank shall transact at its offices, branches and agencies for the time being existing respectively all such business for the Government regarding the receipt, collection, payment and remittance of money and other matters, as is usually transacted by bankers for their customers. The Bank shall make the said monies at the said offices, branches and agencies available for transfer to such places and at such times as the Government may direct. No interest shall be payable to the Government on any of the monies for the time being held by the Bank.

4. The management of the rupee public debt of the Government and the issue of new rupee loans by the Government and the performance of all the duties relating thereto respectively including the collection and payment of interest and principal and the consolidation, division, conversion, cancellation and renewal of securities of the Government and the keeping of all registers, books and accounts and the conduct of all correspondence incidental thereto shall be transacted by the Bank at its offices in Bombay, Calcutta and Madras and at any of its offices, branches or agencies at which respectively the administration of any portion or portions of the public debt of the Government is for the time being conducted or interest thereon is for the time being payable and the Bank shall also keep and maintain such registers, books and accounts in respect of the said public debt as the Government may from time to time direct and shall audit all payments of such interest and act generally as agents in India for the Government in the management of the said public debt and shall conduct such agency subject to such orders and directions with regard to the general management thereof as may from time to time be given to the Bank by the Government.

5. The Bank shall not be entitled to any remuneration for the conduct of the ordinary banking business of the Government other than such advantage as may accrue to it from the holding of the Government cash balances free of obligation to pay interest thereon, and such balances shall be maintained at an amount not below such minimum as may be agreed upon between the Government and the Bank from time to time :

Provided that if the Government wishes to remit funds outside the area within its jurisdiction except as otherwise provided for in this agreement the Bank shall be entitled to make a charge for such remittances at rates not exceeding those which the Bank charges to Banks referred to as "scheduled banks" in section 42 of the Act, subject to a minimum charge of four annas for each remittance.

6. The Bank shall make ways and means advances to the Government if so required at such rate of interest not exceeding bank rate as may be fixed by the Bank from time to time, provided that the total of such advances outstanding at any one time shall not exceed the amount of the minimum balance prescribed under clause 5 and any subsidiary agreement provided under the clause and provided further that the advances outstanding shall be fully paid off at intervals not exceeding three months.

7. The Government shall employ the Bank as its sole agent for investments by Government either of Government funds or of funds managed by the Government and the Bank shall be entitled to charge commission for sales (but not for purchases or conversions) at the rate of 1/16 per cent. in addition to any further charges

which the Bank may have to pay by way of brokerage, etc. The Bank shall collect interest and the maturity values of such investments on behalf of the Government without charge.

8. As remuneration to the Bank for the management of the rupee public debt as aforesaid the Bank shall be entitled to charge to the Government half-yearly a commission at the rate of Rs. 2,000 per crore per annum on the amount of the public debt as aforesaid at the close of the half-year for which the charge is made. In calculating this charge the following amounts shall be excluded from the amount of public debt, *viz.* :—

- (a) The amounts of loans discharged outstanding after one year from the date of a notice of discharge.
- (b) The amount of stock certificates for Rs. 50,000 and upwards held by the Government or by any officer or officers of the Government authorised in that behalf, provided that such amount exceeds one crore.

And in addition to the charge of Rs. 2,000 per crore per annum the Bank shall be entitled to charge to the Government a fixed sum of Rs. 2,000 a year on account of the stock certificates referred to in head (b) of this clause and the Bank shall be also entitled to charge the public (but not the Government) all such fees and charges as are now or may hereafter from time to time be prescribed by the Governor General under the powers conferred upon him by the Indian Securities Act, 1920 (Act No. X of 1920) for duplicate securities and for the renewal, consolidation, division or otherwise of all Government Securities which the Bank issues.

Provided that loans not directly issued by the Government, but issued under the guarantee of the Government shall not be included in the calculation for the purpose of this clause, but shall be a matter for separate arrangement if the management of such loans is entrusted to the Bank.

9. The Bank shall maintain currency chests of its issue department at such places within the Punjab Province as the Government may, with the previous sanction of the Central Government, prescribe and the Government shall provide sufficient accommodation for such chests as may be required for the deposit of notes or coin and shall be responsible to the Bank for the safe custody of the said chests, notes and coin. The Bank shall keep the said chests supplied with sufficient notes and coin to provide currency for the transactions of the Government and reasonable remittance facilities to the public at the said places. The Government shall supply the Bank with such information and returns as the Bank may from time to time require as to the composition of the balances in the said chests and the amount and nature of the transfers to and from the said chests. The Bank shall have access to the said chests at all reasonable times for the purpose of inspecting and checking the contents. The Government shall be responsible to the Bank for the examination and correctness of coin or notes at the time of deposit in or withdrawal from the said chests.

10. The Bank shall not be at liberty to close any of its offices or branches except on Sundays, New Year's Day, Christmas Day, Good Friday and on any other day declared to be a public holiday by any notification published in pursuance of the Negotiable Instruments Act (Act XXVI of 1881) subject nevertheless and notwithstanding the provisions of that Act to any special orders or directions which may be issued by the Government and the Bank shall be responsible that no one of its agencies doing Government business for the time being existing shall be closed except on Sundays and on public holidays authorised by the Government within whose jurisdiction such agencies may be respectively situated.

11. The responsibility for all loss or damage to the Government which may result from any act or negligence or omission of the Bank or its agents in conducting the business of the public debt aforesaid or the payment of interest or discharge value thereon or the renewal, conversion, consolidation, sub-division or cancellation of any Government security shall rest with and be borne by the Bank provided, however, that it shall not be incumbent on the Bank to verify signatures and endorsements on Government securities which *prima facie* appear to be in order and in the acceptance of which the Bank shall not be guilty of any negligence and in such cases no liability shall be incurred by the Bank in respect thereto PROVIDED ALSO that in regard to the ordinary banking business at the offices, branches and agencies of the Bank of receiving and realising money and securities for money on account of the Government and paying cheques, orders, draft bills and other documents whether negotiable or not in the Bank's capacity of bankers for the

AGREEMENTS BETWEEN THE RESERVE BANK OF INDIA AND THE GOVERNMENTS OF MADRAS, THE PUNJAB, SIND, ASSAM AND THE UNITED PROVINCES.

Government and whether such business be done by the Bank or by agencies on its behalf the responsibility to the Government shall be that of the Bank and such responsibility shall be that of a banker to an ordinary customer.

12. The Bank shall remit on account of the Government between India and London such amounts as may be required by it from time to time at the market rate of the day for telegraphic transfers, subject to the proviso that if a large transfer has to be effected in connection with the flotation or repayment of a sterling loan or analogous operation, and if it is considered by either party to be inappropriate to apply the rate of a single day, an average rate based on a longer period may be fixed by agreement between the two parties.

13. This agreement may be determined by either party giving to the other party one year's notice in writing expiring on the 31st day of March in any year, such notice if given by or on behalf of the Government to be addressed to the Governor of the Bank and to be served by leaving the same with the Head Office of the Bank or addressing the same to him at the Head Office of the Bank by registered post and if given by the Bank to be served by leaving the same with or addressing the same by registered post to the Secretary to the Government in the Finance Department and immediately upon the expiration of such notice this agreement shall absolutely cease and determine save as to rights or liabilities acquired or incurred prior to such termination.

14. In the event of any dispute arising as to the terms and conditions of this agreement, or as to the rights or obligations of the parties hereto such dispute or difference of opinion shall, in the event of the parties hereto failing to reach an agreement, be referred to the Governor General whose decision shall be final and binding as between the parties hereto.

15. Nothing in this agreement shall operate to affect in any way the obligations imposed either on the Government or on the Bank by or under the Act or any subsequent amendment or amendments of the Act.

16. The Bank shall be entitled to perform all or any of the matters contained in this agreement through such agency or agencies as may be prescribed by the Act or any amendment thereof or as may be approved by the Government.

17. The stamp duty on the instrument shall be borne by the Government.

IN WITNESS WHEREOF Ram Chandra, C.I.E., M.B.E., I.C.S., Secretary to the Government of the Punjab in the Finance Department by the order and direction of the Governor of the Punjab has hereunto set his hand and the common seal of the Reserve Bank of India pursuant to a Resolution of its Central Board has been hereunto affixed in the presence of its subscribing officials the day and year first above written.

Signed by the said Ram Chandra, Secretary to the Government of the Punjab in the Finance Department for and on behalf of the Governor of the Punjab in the presence of—

(Sd.) LALCHAND,

Assistant Secretary to the Government of the Punjab, Finance Department.

(Sd.) RAM CHANDRA,
Secretary to the Government
of the Punjab, Finance
Department.

Common
Seal of the
Reserve Bank
of India.

The Common Seal of the Reserve Bank of India was affixed hereto in the presence of Sir Purushotamdas Thakurdas, Kt., C.I.E., M.B.E., and Kasturbhai Lalbhai, two of its Directors and Manilal Balabhai Nanavati, its Deputy Governor who in token thereof have hereunto signed their names in the presence of—

(Sd.) N. D. NANGIA,
Reserve Bank of India,
Central Office, Bombay.

(Sd.) PURUSHOTAMDAS
THAKURDAS.
(Sd.) KUSTURBHAI
LALBHAI,
Directors.
(Sd.) MANLAL B.
NANAVATI,
Deputy Governor.

Agreement between the Governor of the Province of Sind and the Reserve Bank of India.

AN AGREEMENT made this twenty-sixth day of May, 1937, BETWEEN THE GOVERNOR OF THE PROVINCE OF SIND of the one part and THE RESERVE BANK OF INDIA (hereinafter called "the Bank") of the other part, WHEREAS the Bank was constituted and incorporated and regulated by the Reserve Bank of India Act, 1934 (being Act No. II of 1934, hereinafter called "the Act"), as adapted and modified pursuant to the Authority contained in section 293 of the Government of India Act, 1935, by an Order of His Majesty in Council dated the eighteenth day of March, 1937, cited as the India and Burma (Burma Monetary Arrangements) Order, 1937, with and subject to the various powers, provisions and restrictions in and by the Act set forth and it was thereby *inter alia* particularly provided as follows, viz. :—

- (1) by section 20 of the Act that the Bank should undertake to accept monies for account of Provincial Governments and to make payments up to the amount standing to the credit of their accounts and to carry out their exchange, remittance and other banking operations including the management of the public debt, and
- (2) by section 21 (1) of the Act that Provincial Governments should entrust the Bank on such conditions as might be agreed upon with all their money, remittance, exchange and banking transactions in India and, in particular, should deposit free of interest all their cash balances with the Bank provided that nothing in that sub-section should prevent Provincial Governments from carrying on money transactions at places where the Bank has no branches or agencies and that Provincial Governments might hold at such places such balances as they may require, and
- (3) by section 21 (2) of the Act that Provincial Governments should entrust the Bank, on such conditions as might be agreed upon, with the management of the public debt and with the issue of any new loans.

NOW IT IS HEREBY MUTUALLY AGREED AND DECLARED by and between the said parties hereto as follows, that is to say :—

1. This agreement shall be deemed to have come into force on the first day of April, 1937.

2. The general banking business of the Government of Sind (hereinafter referred to as "the Government") including the payment, receipt, collection and remittance of money on behalf of the Government shall be carried on and transacted by the Bank in accordance with and subject to the provisions of this agreement and of the Act and with and to such orders and directions as may, from time to time, be given to the Bank by the Government through any Government officer or officers authorized by the Government in that behalf and at any of the offices, branches or agencies of the Bank for the time being in existence as may, from time to time, be so directed and for this purpose such accounts shall be kept in the books of the Bank and at such offices, branches or agencies of the Bank as shall be necessary or convenient or as the Government shall, from time to time, direct in the manner aforesaid.

3. The Government shall employ the Bank as the sole Banker in India of the Government who shall deposit or cause to be deposited with the Bank or allow the Bank to receive and hold as banker the whole of its cash balances at any places at which for the time being the Bank shall have an office, branch or agency and the Bank shall, subject to such orders as may, from time to time, be given by the Government in the manner aforesaid receive and hold for the Government all such monies as may be or become payable to the Government or on its account and the Bank shall transact at its offices, branches and agencies for the time being existing respectively all such business for the Government regarding the receipt, collection, payment and remittance of money and other matters, as is usually transacted by bankers for their customers. The Bank shall make the said monies at the said times as the Government may direct. No interest shall be payable to the Government on any of the monies for the time being held by the Bank.

4. The management of the rupee public debt of the Government and the issue of new rupee loans by the Government and the performance of all the duties relating thereto respectively including the collection and payment of interest and principal and the consolidation, division, conversion, cancellation and renewal of

AGREEMENTS BETWEEN THE RESERVE BANK OF INDIA AND THE GOVERNMENTS OF MADRAS, THE PUNJAB, SIND, ASSAM AND THE UNITED PROVINCES. 99

securities of the Government and the keeping of all registers, books and accounts and the conduct of all correspondence incidental thereto shall be transacted by the Bank at its offices in Bombay, Calcutta and Madras and at any of its offices, branches or agencies at which respectively the administration of any portion or portions of the public debt of the Government is for the time being conducted or interest thereon is for the time being payable and the Bank shall also keep and maintain such registers, books and account in respect of the said public debt as the Government may, from time to time, direct and shall audit all payments of such interest and act generally as agents in India for the Government in the management of the said public debt and shall conduct such agency subject to such orders and directions with regard to the general management thereof as may from time to time be given to the Bank by the Government.

5. The Bank shall not be entitled to any remuneration for the conduct of the ordinary banking business of the Government other than such advantage as may accrue to it from the holding of the Government cash balances free of obligation to pay interest thereon, and such balances shall be maintained at an amount not below such minimum as may be agreed upon between the Government and the Bank, from time to time :

Provided that if the Government wishes to remit funds outside the area within its jurisdiction, except as otherwise provided for in this agreement the Bank shall be entitled to make a charge for such remittances at rates not exceeding those which the Bank charges to Banks referred to as "scheduled banks" in section 42 of the Act, subject to a minimum charge of four annas for each remittance.

6. The Bank shall make ways and means advances to the Government if so required at such rate of interest not exceeding bank rate as may be fixed by the Bank from time to time, provided that the total of such advances outstanding at any one time shall not exceed the amount of the minimum balance prescribed under clause 5 and any subsidiary agreement provided under the clause and provided further that the advances outstanding shall be fully paid off at intervals not exceeding three months.

7. The Government shall employ the Bank as its sole agent for investments by Government either of Government funds or of funds managed by the Government and the Bank shall be entitled to charge commission for sales (but not for purchases or conversions) at the rate of 1 1/2 per cent. in addition to any further charges which the Bank may have to pay by way of brokerage, etc. The Bank shall collect interest and the maturity values of such investments on behalf of the Government without charge.

8. As remuneration to the Bank for the management of the rupee public debt as aforesaid the Bank shall be entitled to charge to the Government half-yearly a commission at the rate of Rs. 2,000 per crore per annum on the amount of the public debt as aforesaid at the close of the half-year for which the charge is made. In calculating this charge the following amounts shall be excluded from the amount of public debt, viz. :—

(a) The amounts of loans discharged outstanding after one year from the date of a notice of discharge.

(b) The amount of stock certificates for Rs. 50,000 and upwards held by the Government or by any officer or officers of the Government authorised in that behalf, provided that such amount exceeds one crore.

And in addition to the charge of Rs. 2,000 per crore per annum, the Bank shall be entitled to charge to the Government a fixed sum of Rs. 2,000 a year on account of the stock certificates referred to in head (b) of this clause and the Bank shall be also entitled to charge the public (but not the Government) all such fees and charges as are now or may hereafter, from time to time, be prescribed by the Governor General under the powers conferred upon him by the Indian Securities Act, 1920 (Act No. X of 1920) for duplicate securities and for the renewal, consolidation, division or otherwise of all Government Securities which the Bank issues :

Provided that loans not directly issued by the Government, but issued under the guarantee of the Government shall not be included in the calculation for the purpose of this clause, but shall be a matter for separate arrangement if the management of such loans is entrusted to the Bank.

9. The Bank shall maintain currency chests of its issue department at such places within the Sind Province as the Government may, with the previous sanction of the Central Government, prescribe and the Government shall provide sufficient accommodation for such chests as may be required for the deposit of notes or coin and shall be responsible to the Bank for the safe custody of the said chests, notes and coin. The Bank shall keep the said chests supplied with sufficient notes and coin to provide currency for the transactions of the Government and reasonable remittance facilities to the public at the said places. The Government shall supply the Bank with such information and returns as the Bank may, from time to time, require as to the composition of the balances in the said chests and the amount and nature of the transfers to and from the said chests. The Bank shall have access to the said chests at all reasonable times for the purpose of inspecting and checking the contents. The Government shall be responsible to the Bank for the examination and correctness of coin or notes at the time of deposit in or withdrawal from the said chests.

10. The Bank shall not be at liberty to close any of its offices or branches, except on Sundays, New Year's Day, Christmas Day, Good Friday and on any other day declared to be a public holiday by any notification published in pursuance of the Negotiable Instruments Act (Act XXVI of 1881) subject nevertheless and notwithstanding the provisions of that Act to any special orders or directions which may be issued by the Government and the Bank shall be responsible that no one of its agencies doing Government business for the time being existing within the jurisdiction of the Government shall be closed except on Sundays and on public holidays authorised by the Government.

11. The responsibility for all loss or damage to the Government which may result from any act or negligence or omission of the Bank or its agents in conducting the business of the public debt aforesaid or the payment of interest or discharge value thereon or the renewal, conversion, consolidation, sub-division or cancellation of any Government security shall rest with and be borne by the Bank provided however that it shall not be incumbent on the Bank to verify signatures and endorsements on Government securities which *prima facie* appear to be in order and in the acceptance of which the Bank shall not be guilty of any negligence and in such cases no liability shall be incurred by the Bank in respect thereto. PROVIDED ALSO that in regard to the ordinary banking business at the offices, branches and agencies of the Bank of receiving and realising money and securities for money on account of the Government and paying cheques, orders, draft bills and other documents whether negotiable or not in the Bank's capacity of bankers for the Government and whether such business be done by the Bank or by agencies on its behalf the responsibility to the Government shall be that of the Bank and such responsibility shall be that of a banker to an ordinary customer.

12. The Bank shall remit on account of the Government between India and London such amounts as may be required by it, from time to time, at the market rate of the day for telegraphic transfers, subject to the proviso that if a large transfer has to be effected in connection with the flotation or repayment of a sterling loan or analogous operation, and if it is considered by either party to be inappropriate to apply the rate of a single day, an average rate based on a longer period may be fixed by agreement between the two parties.

13. This agreement may be determined by either party giving to the other party one year's notice in writing expiring on the 31st day of March in any year, such notice if given by or on behalf of the Government to be addressed to the Governor of the Bank and to be served by leaving the same with the Head Office of the Bank or addressing the same to him at the Head Office of the Bank by registered post and if given by the Bank to be served by leaving the same with or addressing the same by registered post to the Secretary to the Government in the Finance Department and immediately upon the expiration of such notice this agreement shall absolutely cease and determine save as to rights or liabilities acquired or incurred prior to such termination.

14. In the event of any dispute arising as to the terms and conditions of this agreement, or as to the rights or obligations of the parties hereto such dispute or difference of opinion shall, in the event of the parties hereto failing to reach an agreement, be referred to the Governor General whose decision shall be final and binding as between the parties hereto.

15. Nothing in this agreement shall operate to affect in any way the obligations imposed either on the Government or on the Bank by or under the Act or any subsequent amendment or amendments of the Act.

AGREEMENTS BETWEEN THE RESERVE BANK OF INDIA AND THE GOVERNMENTS OF MADRAS, THE PUNJAB, SIND, ASSAM AND THE UNITED PROVINCES.

16. The Bank shall be entitled to perform all or any of the matters contained in this agreement through such agency or agencies as may be prescribed by the Act or any amendment thereof or as may be approved by the Government.

IN WITNESS WHEREOF Charles Beaupré Bell Clee, Secretary to the Government of Sind in the Finance Department by the order and direction of the Governor of Sind has hereunto set his hand and the common seal of the Reserve Bank of India pursuant to a Resolution of its Central Board has been hereunto affixed in the presence of its subscribing officials the day and year first above written.

Signed by the said Charles Beaupré Bell Clee, Secretary to the Government of Sind in the Finance Department, for and on behalf of the Governor of Sind in the presence of

(Sd.) N. V. RAGHAVAN,

Assistant Secretary to Government,
Finance Department, Karachi.

(Sd.) C. B. CLEE,
Secretary to the Government
of Sind, Finance Department.

The Common Seal of the Reserve Bank of

India was affixed hereto in the presence of

Sir Purushotamdas Thakurdas, Kt., C.I.E.,

M.B.E., and Kasturbhai Lalbai two of its

Directors and Manilal Balabhai Nanavati its

Deputy Governor.

(Sd.) KUSTURBAI
LALBHAI,
(Sd.) PURUSHOTAMDAS
THAKURDAS,
Directors.
(Sd.) MANILAL B.
NANAVATI,
Deputy Governor.

Agreement between the Governor of Assam and the Reserve Bank of India.

AN AGREEMENT made this twenty-first day of April, 1937, BETWEEN THE GOVERNOR OF THE PROVINCE OF ASSAM of the one part and THE RESERVE BANK OF INDIA (hereinafter called "the Bank") of the other part WHEREAS the Bank was constituted and incorporated and is regulated by the Reserve Bank of India Act, 1934 (being Act No. II of 1934) as adapted and modified pursuant to the Authority contained in section 293 of the Government of India Act 1935 by an Order of His Majesty in Council, dated the Eighteenth day of March, 1937, cited as the India and Burma (Burma Monetary Arrangements) Order, 1937 (hereinafter called "the Act") with and subject to the various powers, provisions and restrictions in and by the Act set forth and it was thereby *inter alia* particularly provided as follows, viz.,

- (1) by section 20 of the Act that the Bank should undertake to accept monies for account of Provincial Governments and to make payments up to the amount standing to the credit of their accounts and to carry out their exchange, remittance and other banking operations including the management of the public debt and
- (2) by section 21 (1) of the Act that Provincial Governments should entrust the Bank on such conditions as might be agreed upon with all their money, remittance, exchange and banking transactions in India and, in particular, should deposit free of interest all their cash balances with the Bank provided that nothing in that sub-section should prevent Provincial Governments from carrying on money transactions at places where the Bank has no branches or agencies and that Provincial Governments might hold at such places such balances as they may require and
- (3) by section 21 (2) of the Act that Provincial Governments should entrust the Bank, on such conditions as might be agreed upon, with the management of the public debt and with the issue of any new loans.

NOW IT IS HEREBY MUTUALLY AGREED AND DECLARED by and between the said parties hereto as follows, that is to say :—

1. This agreement shall come into force on the first day of April, 1937.
2. The general banking business of the Government of Assam (hereinafter referred to as "the Government") including the payment, receipt, collection and remittance of money on behalf of the Government shall be carried on and transacted by the Bank in accordance with and subject to the provisions of this agreement and of the Act and with and to such orders and directions as may from time to time be given to the Bank by the Government through any Government officer or officers authorized by the Government in that behalf and at any of the offices, branches or agencies of the Bank for the time being in existence as may from time to time be so directed and for this purpose such accounts shall be kept in the books of the Bank and at such offices, branches or agencies of the Bank as shall be necessary or convenient or as the Government shall from time to time direct in the manner aforesaid.
3. The Government shall employ the Bank as the sole Banker in India of the Government who shall deposit or cause to be deposited with the Bank or allow the Bank to receive and hold as banker the whole of its cash balances at any places at which for the time being the Bank shall have an office, branch or agency and the Bank shall subject to such orders as may from time to time be given by the Government in the manner aforesaid receive and hold for the Government all such monies as may be or become payable to the Government or on its account and the Bank shall transact at its offices, branches and agencies for the time being existing respectively all such business for the Government regarding the receipt, collection, payment and remittance of money and other matters, as is usually transacted by bankers for their customers. The Bank shall make the said monies at the said offices, branches and agencies available for transfer to such places and at such times as the Government may direct. No interest shall be payable to the Government on any of the monies for the time being held by the Bank.
4. The management of the rupee public debt of the Government and the issue of new rupee loans by the Government and the performance of all the duties relating thereto respectively including the collection and payment of interest and principal and the consolidation, division, conversion, cancellation and renewal of securities of the Government and the keeping of all registers, books and accounts and the conduct of all correspondence incidental thereto shall be transacted by the Bank at its offices in Bombay, Calcutta and Madras and at any of its offices, branches or agencies at which respectively the administration of any portion or portions of the public debt of the Government is for the time being conducted or interest thereon is for the time being payable and the Bank shall also keep and maintain such registers, books and account in respect of the said public debt as the Government may from time to time direct and shall audit all payments of such interest and act generally as agents in India for the Government in the management of the said public debt and shall conduct such agency subject to such orders and directions with regard to the general management thereof as may from time to time be given to the Bank by the Government.
5. The Bank shall not be entitled to any remuneration for the conduct of the ordinary banking business of the Government other than such advantage as may accrue to it from the holding of the Government cash balances free of obligation to pay interest thereon, and such balances shall be maintained at an amount not below such minimum as may be agreed upon between the Government and the Bank from time to time.
Provided that if the Government wishes to remit funds outside the area within its jurisdiction except as otherwise provided for in this agreement the Bank shall be entitled to make a charge for such remittances at rates not exceeding those which the Bank charges to Banks referred to as "scheduled banks" in section 42 of the Act, subject to a minimum charge of four annas for each remittance.
6. The Bank shall make ways and means advances to the Government if so required at such rate of interest not exceeding bank rate as may be fixed by the Bank from time to time, provided that the total of such advances outstanding at any one time shall not exceed the amount of minimum balance prescribed under clause 5 and any subsidiary agreement provided under the clause and provided further that the advances outstanding shall be fully paid off at intervals not exceeding three months.

AGREEMENTS BETWEEN THE RESERVE BANK OF INDIA AND THE GOVERNMENTS OF MADRAS, THE PUNJAB, SIND, ASSAM AND THE UNITED PROVINCES. 103

7. The Government shall employ the Bank as its sole agent for investments by Government either of Government funds or of funds managed by the Government and the Bank shall be entitled to charge commission for sales (but not for purchases or conversions) at the rate of 1½ per cent. in addition to any further charges which the Bank may have to pay by way of brokerage, etc. The Bank shall collect interest and the maturity values of such investments on behalf of the Government without charge.

8. As remuneration to the Bank for the management of the public debt as aforesaid the Bank shall be entitled to charge to the Government half-yearly a commission at the rate of Rs. 2,000 per crore per annum on the amount of the public debt as aforesaid at the close of the half-year for which the charge is made. In calculating this charge the following amount shall be excluded from the amount of public debt, viz. :—

- (a) The amounts of loans discharged outstanding after one year from the date of a notice of discharge.
- (b) The amount of stock certificates for Rs. 50,000 and upwards held by the Government or by any officer or officers of the Government authorised in that behalf, provided that such amount exceeds one crore.

And in addition to the charge of Rs. 2,000 per crore per annum the Bank shall be entitled to charge to the Government a fixed sum of Rs. 2,000 a year on account of the stock certificates referred to in head (b) of this clause and the Bank shall be also entitled to charge the public (but not the Government) all such fees and charges as are now or may hereafter from time to time be prescribed by the Governor General under the powers conferred upon him by the Indian Securities Act, 1920 (Act No. X of 1920) for duplicate securities and for the renewal, consolidation, division or otherwise of all Government Securities which the Bank issues :

Provided that loans not directly issued by the Government, but issued under the guarantee of the Government shall not be included in the calculation for the purpose of this clause, but shall be a matter for separate arrangement if the management of such loans is entrusted to the Bank.

9. The Bank shall maintain currency chests of its issue department at such places within the Assam Province as the Government may, with the previous sanction of the Central Government, prescribe and the Government shall provide sufficient accommodation for such chests as may be required for the deposit of notes or coin and shall be responsible to the Bank for the safe custody of the said chests, notes and coin. The Bank shall keep the said chests supplied with sufficient notes and coin to provide currency for the transactions of the Government and reasonable remittance facilities to the public at the said places. The Government shall supply the Bank with such information and returns as the Bank may from time to time require as to the composition of the balances in the said chests and the amount and nature of the transfers to and from the said chests. The Bank shall have access to the said chests at all reasonable times for the purpose of inspecting and checking the contents. The Government shall be responsible to the Bank for the examination and correctness of coin or notes at the time of deposit in or withdrawal from the said chests.

10. The Bank shall not be at liberty to close any of its offices or branches except on Sundays, New Year's Day, Christmas Day, Good Friday and on any other day declared to be a public holiday by any notification published in pursuance of the Negotiable Instruments Act (Act XXVI of 1881) subject nevertheless and notwithstanding the provisions of that Act to any special orders or directions which may be issued by the Government and the Bank shall be responsible that no one of its agencies doing Government business for the time being existing shall be closed except on Sundays and on public holidays authorised by the Government within whose jurisdiction such agencies may be respectively situated.

11. The responsibility for all loss or damage to the Government which may result from any act or negligence or omission of the Bank or its agents in conducting the business of the public debt aforesaid or the payment of interest or discharge value thereon or the renewal, conversion, consolidation, sub-division or cancellation of any Government security shall rest with and be borne by the Bank provided, however, that it shall not be incumbent on the Bank to verify signatures and endorsements on Government securities which *prima facie* appear to be in order and in the acceptance of which the Bank shall not be guilty of any negligence and in

such cases no liability shall be incurred by the Bank in respect thereto PROVIDED also that in regard to the ordinary banking business at the offices, branches and agencies of the Bank of receiving and realising money and securities for money on account of the Government and paying cheques, orders, draft bills and other documents whether negotiable or not in the Bank's capacity of bankers for the Government and whether such business be done by the Bank or by agencies on its behalf the responsibility to the Government shall be that of the Bank and such responsibility shall be that of a banker to an ordinary customer.

12. The Bank shall remit on account of the Government between India and London such amounts as may be required by it from time to time at the market rate of the day for telegraphic transfers, subject to the proviso that if a large transfer has to be effected in connection with the flotation or repayment of a sterling loan or analogous operation, and if it is considered by either party to be inappropriate to apply the rate of a single day, an average rate based on a longer period may be fixed by agreement between the two parties.

13. This agreement may be determined by either party giving to the other party one year's notice in writing expiring on the 31st day of March in any year, such notice if given by or on behalf of the Government to be addressed to the Governor of the Bank and to be served by leaving the same with the Head Office of the Bank or addressing the same to him at the Head Office of the Bank by registered post and if given by the Bank to be served by leaving the same with or addressing the same by registered post to the Secretary to the Government in the Finance Department and immediately upon the expiration of such notice this agreement shall absolutely cease and determine save as to rights or liabilities acquired or incurred prior to such termination.

14. In the event of any dispute arising as to the terms and conditions of this agreement, or as to the rights or obligations of the parties hereto such dispute or difference of opinion shall, in the event of the parties hereto failing to reach an agreement, be referred to the Governor General whose decision shall be final and binding as between the parties hereto.

15. Nothing in this agreement shall operate to affect in any way the obligations imposed either on the Government or on the Bank by or under the Act or any subsequent amendment or amendments of the Act.

16. The Bank shall be entitled to perform all or any of the matters contained in this agreement through such agency or agencies as may be prescribed by the Act or any amendment thereof or as may be approved by the Government.

IN WITNESS WHEREOF Mr. Arnold Gordon Patton, B.A., (Cantab.), J.P., I.C.S., Secretary to the Government of Assam in the Finance Department by the order and direction of the Governor of Assam has hereunto set his hand and the common seal of the Reserve Bank of India pursuant to a Resolution of its Central Board has been hereunto affixed in the presence of its subscribing officials the day and year first above written.

Signed by the said A. G. Patton, I.C.S.,
Secretary to the Government of Assam in the
Finance Department for and on behalf of
the Governor of Assam in the presence of

(Sd.) A. V. JONES,
Deputy Secretary to the Government of
Assam, Finance Department.

The Common Seal of the Reserve Bank of
India was affixed hereto in the presence of
Sir Purushotamdas Thakurdas, Kt., C.I.E.,
M.B.E., and Sir Homi Mehta, Kt., two of its
Directors and Sir James Braid Taylor, Kt.,
C.I.E., its Deputy Governor.

Common
Seal of the
Reserve Bank
of India.

(Sd.) PURUSHOTOMDAS
THAKURDAS,
(Sd.) HOMI MEHTA,
Directors.
(Sd.) J. B. TAYLOR,
Deputy Governor.

AGREEMENTS BETWEEN THE RESERVE BANK OF INDIA AND THE GOVERN- 105 MENTS OF MADRAS, THE PUNJAB, SIND, ASSAM AND THE UNITED PROVINCES.

Agreement between the Governor of the United Provinces and the Reserve Bank of India.

AN AGREEMENT made this seventh day of July, 1937, BETWEEN THE GOVERNOR OF THE UNITED PROVINCES of the one part and THE RESERVE BANK OF INDIA (hereinafter called "the Bank") of the other part.

WHEREAS the Bank was constituted and incorporated and is regulated by the Reserve Bank of India Act, 1934 [being Act No. II of 1934 (hereinafter called "the Act")] as adapted and modified pursuant to the Authority contained in section 293 of the Government of India Act, 1935, by an Order of His Majesty in Council, dated the eighteenth day of March, 1937, cited as the India and Burma (Burma Monetary Arrangements) Order, 1937, with and subject to the various powers, provisions, and restrictions in and by the Act set forth and it was thereby *inter alia* particularly provided as follows, *via*,

- (1) by section 20 of the Act that the Bank should undertake to accept monies for account of Provincial Governments and to make payments up to the amount standing to the credit of their accounts and to carry out their exchange, remittance and other banking operations including the management of the public debt and
- (2) by section 21 (1) of the Act that Provincial Governments should entrust the Bank on such conditions as might be agreed upon with all their money, remittance, exchange and banking transactions in India and, in particular, should deposit free of interest all their cash balances with the Bank provided that nothing in that sub-section should prevent Provincial Governments from carrying on money transactions at places where the Bank has no branches or agencies and that Provincial Governments might hold at such places such balances as they may require and
- (3) by section 21 (2) of the Act that Provincial Governments should entrust the Bank, on such conditions as might be agreed upon, with the management of the public debt and with the issue of any new loans.

NOW IT IS HEREBY MUTUALLY AGREED AND DECLARED by and between the said parties hereto as follows, that is to say:—

1. This agreement shall be deemed to have come into force on the first day of April, 1937.

2. The general banking business of the Government of United Provinces (hereinafter referred to as "the Government") including the payment, receipt, collection and remittance of money on behalf of the Government shall be carried on and transacted by the Bank in accordance with and subject to the provisions of this agreement and of the Act and with and to such orders and directions as may from time to time be given to the Bank by the Government through any Government officer or officers authorized by the Government in that behalf and at any of the offices, branches or agencies of the Bank for the time being in existence as may from time to time be so directed and for this purpose such accounts shall be kept in the books of the Bank and at such offices, branches or agencies of the Bank as shall be necessary or convenient or as the Government shall from time to time direct in the manner aforesaid.

3. The Government shall employ the Bank as the sole Banker in India of the Government who shall deposit or cause to be deposited with the Bank or allow the Bank to receive and hold as banker the whole of its cash balances at any places at which for the time being the Bank shall have an office, branch or agency and the Bank shall subject to such orders as may from time to time be given by the Government in the manner aforesaid receive and hold for the Government all such monies as may be or become payable to the Government or on its account and the Bank shall transact at its offices, branches and agencies for the time being existing respectively all such business for the Government regarding the receipt, collection, payment and remittance of money and other matters, as is usually transacted by bankers for their customers. The Bank shall make the said monies at the said offices, branches and agencies available for transfer to such places and at such times as the Government may direct. No interest shall be payable to the Government on any of the monies for the time being held by the Bank.

4. The management of the rupee public debt of the Government and the issue of new rupee loans by the Government and the performance of all the duties relating thereto respectively including the collection and payment of interest and principal and the consolidation, division, conversion, cancellation and renewal of

securities of the Government and the keeping of all registers, books and accounts and the conduct of all correspondence incidental thereto shall be transacted by the Bank at its offices in Bombay, Calcutta and Madras and at any of its offices, branches or agencies at which respectively the administration of any portion or portions of the public debt of the Government is for the time being conducted or interest thereon is for the time being payable and the Bank shall also keep and maintain such registers, books and accounts in respect of the said public debt as the Government may from time to time direct and shall audit all payments of such interest and act generally as agents in India for the Government in the management of the said public debt and shall conduct such agency subject to such orders and directions with regard to the general management thereof as may from time to time be given to the Bank by the Government.

5. The Bank shall not be entitled to any remuneration for the conduct of the ordinary banking business of the Government other than such advantage as may accrue to it from the holding of the Government cash balances free of obligation to pay interest thereon, and such balances shall be maintained at an amount not below such minimum as may be agreed upon between the Government and the Bank from time to time.

Provided that if the Government wishes to remit funds outside the area within its jurisdiction except as otherwise provided for in this agreement the Bank shall be entitled to make a charge for such remittances at rates not exceeding those which the Bank charges to Banks referred to as "scheduled banks" in section 42 of the Act, subject to a minimum charge of four annas for each remittance.

6. The Bank shall make ways and means advances to the Government if so required at such rate of interest not exceeding bank rate as may be fixed by the Bank from time to time, provided that the total of such advances outstanding at any one time shall not exceed the amount of minimum balance prescribed under clause 5 and any subsidiary agreement provided under the clause and provided further that the advances outstanding shall be fully paid off at intervals not exceeding three months.

7. The Government shall employ the Bank as its sole agent for investments by Government either of Government funds or of funds managed by the Government and the Bank shall be entitled to charge commission for sales (but not for purchases or conversions) at the rate of 1/16 per cent. in addition to any further charges which the Bank may have to pay by way of brokerage, etc. The Bank shall collect interest and the maturity values of such investments on behalf of the Government without charge.

8. As remuneration to the Bank for the management of the public debt as aforesaid the Bank shall be entitled to charge to the Government half-yearly a commission at the rate of Rs. 2,000 per crore per annum on the amount of the public debt as aforesaid at the close of the half-year for which the charge is made. In calculating this charge the following amounts shall be excluded from the amount of public debt, viz. :—

- (a) The amounts of loans discharged outstanding after one year from the date of a notice of discharge.
- (b) The amount of stock certificates for Rs. 50,000 and upwards held by the Government or by any officer or officers of the Government authorised in that behalf provided that such amount exceeds one crore.

And in addition to the charge of Rs. 2,000 per crore per annum the Bank shall be entitled to charge to the Government a fixed sum of Rs. 2,000 a year on account of the stock certificates referred to in head (b) of this clause and the Bank shall be also entitled to charge the public (but not the Government) all such fees and charges as are now or may hereafter from time to time be prescribed by the Governor General under the powers conferred upon him by the Indian Securities Act, 1920 (Act No. X of 1920) for duplicate securities and for the renewal, consolidation, division, or otherwise of all Government Securities which the Bank issues.

Provided that loans not directly issued by the Government, but issued under the guarantee of the Government shall not be included in the calculation for the purpose of this clause but shall be a matter for separate arrangement if the management of such loans is entrusted to the Bank.

9. The Bank shall maintain currency chests of its issue department at such places within the United Provinces, as the Government may, with the previous

AGREEMENTS BETWEEN THE RESERVE BANK OF INDIA AND THE GOVERN- 107 MENTS OF MADRAS, THE PUNJAB, SIND, ASSAM AND THE UNITED PROVINCES.

sanction of the Central Government, prescribe and the Government shall provide sufficient accommodation for such chests as may be required for the deposit of notes or coin and shall be responsible to the Bank for the safe custody of the said chests, notes and coin. The Bank shall keep the said chests supplied with sufficient notes and coin to provide currency for the transactions of the Government and reasonable remittance facilities to the public at the said places. The Government shall supply the Bank with such information and returns as the Bank may from time to time require as to the composition of the balances in the said chests and the amount and nature of the transfers to and from the said chests. The Bank shall have access to the said chests at all reasonable times for the purpose of inspecting and checking the contents. The Government shall be responsible to the Bank for the examination and correctness of coin or notes at the time of deposit in or withdrawal from the said chests.

10. The Bank shall not be at liberty to close any of its offices or branches except on Sundays, New Year's Day, Christmas Day, Good Friday and on any other day declared to be a public holiday by any notification published in pursuance of the Negotiable Instruments Act (Act XXVI of 1881) subject nevertheless and notwithstanding the provisions of that Act to any special orders or directions which may be issued by the Government and the Bank shall be responsible that no one of its agencies doing Government business for the time being existing shall be closed except on Sundays and on public holidays authorised by the Government within whose jurisdiction such agencies may be respectively situated.

11. The responsibility for all loss or damage to the Government which may result from any act or negligence or omission of the Bank or its agents in conducting the business of the public debt aforesaid or the payment of interest or discharge value thereon or the renewal, conversion, consolidation, sub-division or cancellation of any Government security shall rest with and be borne by the Bank provided however that it shall not be incumbent on the Bank to verify signatures and endorsements on Government securities which *prima facie* appear to be in order and in the acceptance of which the Bank shall not be guilty of any negligence and in such cases no liability shall be incurred by the Bank in respect thereto. PROVIDED ALSO that in regard to the ordinary banking business at the offices, branches and agencies of the Bank of receiving and realising money and securities for money on account of the Government and paying cheques, orders, draft bills and other documents whether negotiable or not in the Bank's capacity of bankers for the Government and whether such business be done by the Bank or by agencies on its behalf the responsibility to the Government shall be that of the Bank and such responsibility shall be that of a banker to an ordinary customer.

12. The Bank shall remit on account of the Government between India and London such amounts as may be required by it from time to time at the market rate of the day for telegraphic transfers, subject to the proviso that if a large transfer has to be effected in connection with the flotation or repayment of a sterling loan or analogous operation, and if it is considered by either party to be inappropriate to apply the rate of a single day, an average rate based on a longer period may be fixed by agreement between the two parties.

13. This agreement may be determined by either party giving to the other party one year's notice in writing expiring on the 31st day of March in any year, such notice if given by or on behalf of the Government to be addressed to the Governor of the Bank and to be served by leaving the same with the Head Office of the Bank or addressing the same to him at the Head Office of the Bank by registered post and if given by the Bank to be served by leaving the same with or addressing the same by registered post to the Secretary to the Government in the Finance Department and immediately upon the expiration of such notice this agreement shall absolutely cease and determine save as to rights or liabilities acquired or incurred prior to such termination.

14. In the event of any dispute arising as to the terms and conditions of this agreement, or as to the rights or obligations of the parties hereto such dispute or difference of opinion shall, in the event of the parties hereto failing to reach an agreement, be referred to the Governor General whose decision shall be final and binding as between the parties hereto.

15. Nothing in this agreement shall operate to affect in any way the obligations imposed either on the Government or on the Bank by or under the Act or any subsequent amendment or amendments of the Act.

16. The Bank shall be entitled to perform all or any of the matters contained in this agreement through such agency or agencies as may be prescribed by the Act or any amendment thereof or as may be approved by the Government.

IN WITNESS WHEREOF Mr. A. C. Turner, I.C.S., M.B.E., Secretary to the Government of the United Provinces in the Finance Department, by the order and direction of the Governor of United Provinces, has hereunto set his hand and the common seal of the Reserve Bank of India pursuant to a resolution of its Central Board has been hereunto affixed in the presence of its subscribing officials the day and year first above written.

Signed by the said Mr. A. C. Turner, I.C.S., M.B.E., Secretary to the Government of United Provinces in the Finance Department, for and on behalf of the Governor of United Provinces in the presence of

A. C. TURNER,
Secretary to the Government
of United Provinces,
Finance Department.

SURAJ DIN BAJPAI,

Deputy Secretary to the Government
of the United Provinces.

The Common Seal of the Reserve Bank of India was affixed hereto in the presence of Sultan Meherally Chinoy and Devi Das Madhowji Thakersey two of its Directors and Sir James Braid Taylor, Kt., C.I.E., its Governor.

Common seal of the Reserve
Bank of India.
SUULTAN CHINYOY,
DEVIDAS MADHOWJI
THAKERSEY,
Directors.

J. B. TAYLOR,
Governor.

AN AGREEMENT made this seventh day of July one thousand nine hundred and thirty-seven BETWEEN THE GOVERNOR OF UNITED PROVINCES of the one part and the Reserve Bank of India (hereinafter called "the Bank") of the other part supplemental to an agreement (hereinafter referred to "as the principal agreement") made on the 7th day of July, 1937, between the parties hereto.

WHEREAS under clause 5 of the principal agreement it is provided that the Government of United Provinces (hereafter referred to as "the Government") shall maintain a daily balance with the Bank not below such minimum as may be agreed upon NOW IT IS HEREBY MUTUALLY AGREED AND DECLARED AS FOLLOWS :

1. The Bank shall inform the Government by telegram of the Government daily balance with the Bank at the close of each working day.

2. The Government shall take steps by taking a ways and means advance from the Bank or by issuing treasury bills to ensure that the Government balance on each Friday is not less than a credit of thirty lakhs. If a reduction in the Government balance is to be anticipated before the following Friday, e.g., owing to the beginning of the month disbursements, etc., the Government shall also take steps to ensure that this balance does not fall below the said minimum by more than five lakhs.

3. The Government will not repay ways and means advances or invest any surplus of the Government balances unless the said balance exceeds a credit of thirty-five lakhs.

4. Ways and means advances may be taken and repaid on any day without previous notice by telegraphic or such other intimation to such branch of the Bank as the Bank may prescribe provided that such advances shall be for a minimum period of seven days and provided further that such advances shall be in minimum amounts of five lakhs.

IN WITNESS WHEREOF Mr. A. C. Turner, I.C.S., M.B.E., Secretary to the Government of United Provinces in the Finance Department, by the order and direction of the Governor of United Provinces, has hereunto set his hand and the common seal of the Reserve Bank of India pursuant to a resolution of its

AGREEMENTS BETWEEN THE RESERVE BANK OF INDIA AND THE GOVERNMENTS OF MADRAS, THE PUNJAB, SIND, ASSAM AND THE UNITED PROVINCES. 109

Central Board has been hereunto affixed in the presence of its subscribing officials the day and year first above written.

Signed by the said Mr. A. C. Turner, I.C.S., M.B.E., Secretary to the Government of United Provinces in the Finance Department, for and on behalf of the Governor of United Provinces in the presence of

A. C. TURNER,
Secretary to the Government
of United Provinces,
Finance Department.

SURAJ DIN BAJPAI,

Deputy Secretary to the Government
of United Provinces.

The Common Seal of the Reserve Bank of India was affixed hereto in the presence of Sultan Meherally Chinoy and Devi Das Madhowji Thakersey two of its Directors and Sir James Braid Taylor, Kt., C.I.E., its Governor.

Common seal of the Reserve
Bank of India.
SULTAN CHINYOY,
DEVIDAS MADHOWJI
THAKERSEY,
Directors.

J. B. TAYLOR,
Governor.

FORMS OF FORCED LABOUR IN THE PROVINCES.

Mr. R. F. Mudie (Government of India : Nominated Official) : Sir, I lay on the table a copy of the correspondence relating to the forms of forced labour in the Provinces.

SECTION I.

CORRESPONDENCE RELATING TO THE FORMS OF FORCED LABOUR IN THE PROVINCES.

Serial no. 24.—LETTER FROM THE JOINT SECRETARY TO THE GOVERNMENT OF INDIA, HOME DEPARTMENT, TO THE SECRETARIES TO THE GOVERNMENTS OF MADRAS (PUBLIC WORKS AND LABOUR DEPARTMENT) ; BOMBAY (POLITICAL DEPARTMENT) ; BENGAL (COMMERCE AND MARINE DEPARTMENT) ; AND THE UNITED PROVINCES (POLICE DEPARTMENT) ; THE HOME SECRETARY TO THE GOVERNMENT OF THE PUNJAB ; THE CHIEF SECRETARIES TO THE GOVERNMENTS OF BIHAR AND ORISSA (POLITICAL DEPARTMENT) ; THE CENTRAL PROVINCES (POLICE DEPARTMENT) ; AND ASSAM (GENERAL AND JUDICIAL DEPARTMENT) ; THE CHIEF COMMISSIONERS, NORTH-WEST FRONTIER PROVINCE, DELHI AND COORG ; AND THE HON'BLE THE AGENT TO THE GOVERNOR-GENERAL, BALUCHISTAN, NO. F. 187/2/30-PUBLIC, DATED NEW DELHI, THE 3RD NOVEMBER 1931.

With reference to the correspondence ending with your letter no.

1791-(5-S.)-L.,
8245-B.,
32-18-Com.,
2938,
1969/S.H./Judl.,
261-W./31,
1148-P.R.,
C. 802/368-VI,
Immgn./190/5196-G.J.,
1779/21/21-G. N.,
1296/145-10,
48-Camp/Home,
25-R.,

13th July 1931,
20th June 1931,
6th July 1931,
18th June 1931,
27th June 1931,
15th June 1931,
16th June 1931,
31st May 1931,
8th June 1931,
16th June 1931,
13th May 1931,
29th June 1931,
5th June 1931,

dated the 16th June 1931, I am directed to forward a copy

of the papers noted below :—

- (1) Draft Convention and Recommendations concerning Forced or Compulsory Labour adopted by the Fourteenth Session of the International Labour Conference held at Geneva from 10th/28th June 1930.
- (2) Proceedings of and Resolutions adopted by the Legislative Assembly and the Council of State respectively on the 3rd and 5th October 1931.

While the Government of India were unable to ratify the Convention, they have decided to accept the recommendations contained in the Resolutions passed by the Legislative Assembly on the 3rd October 1931 and by the Council of State on the 5th October 1931 regarding the Draft Convention and Recommendations concerning the Forced or Compulsory Labour. In order to give effect to these resolutions the amendment of certain Acts which permit the employment of forced or compulsory labour within the definition of that term, given in clause 2 of the Convention, and the issue, in certain cases, of suitable executive orders, will be necessary.

2. Article 4 of the Convention requires the immediate abolition of forced or compulsory labour for the benefit of private individuals, companies or associations. An examination of the replies received from local Governments to Mr. Tin Tut's letter no. L-1548, dated the 20th September 1929, suggest that for all practical purposes, such forced labour has already ceased to exist, but, if, in any locality, the practice of exacting forced or compulsory labour still prevails, I am to request that suitable steps may be taken to abolish it at the earliest possible opportunity. Article 1 of the Convention deals with forced or compulsory labour for public purposes, and, while providing that forced or compulsory labour in all its forms should be suppressed within the shortest possible period, allows a transitional period of five years in regard to forced or compulsory labour for public purposes only and as an exceptional measure, subject to certain conditions and guarantees. I am to request, therefore, that any enactments of the local legislature which permit the use of forced or compulsory labour for public purposes may accordingly be modified within the transitional period allowed. In dealing with this aspect of the question special attention is invited to Article 2, 10 and 18, Article 2 exempts certain forms of forced or compulsory labour, and no action is required to discontinue these.

3. The enactments concerned appear to be—though the list may not be exhaustive—

- (1) The Northern India Canal and Drainage Act, 1873.
- (2) The Indian Forests Act, 1927.
- (3) The Bengal Regulation XI of 1806.
- (4) The Bombay Irrigation Act, 1879.
- (5) The Madras Compulsory Labour Act, 1858.
- (6) The Madras Forests Act, 1882.
- (7) The Punjab Minor Canals Act, 1905.
- (8) The Hazara Forests Regulation, 1911.
- (9) The Frontier Crimes Regulation, 1901.
- (10) The Burma Village Act, 1907.

It is possible that the forced labour permitted by some of these Acts may fall under one or other of the categories of forced or compulsory labour not included in the definition of "forced labour", and any acts of a local legislature which appear to be affected by the decision to adopt the resolutions of the Legislative Assembly and the Council of State should be examined with special reference to Article 2 of the Convention.

4. I am accordingly to request that the local Government will take early steps to give practical effect to the Resolutions adopted by both Houses of the Indian Legislature and to secure the appropriate amendment of such local enactments as, after full examination on the lines indicated above, may be found to be necessary, and to issue such executive orders as may be deemed advisable to secure the objects in view. The Government of India would be glad to receive, in due course, a report on the action taken. They will themselves take such action as may be necessary to amend any Acts of the Indian Legislature or Regulations, which permit the employment of forced or compulsory labour for private or public purposes.

Copy forwarded to the Chief Commissioner, Ajmer-Merwara, Industries and Labour, Education, Health and Lands, Foreign and Political and Army Departments for information (and such action as may be necessary) (Coorg only).

League of Nations.

INTERNATIONAL LABOUR CONFERENCE.

DRAFT CONVENTION AND RECOMMENDATIONS CONCERNING FORCED OR COMPULSORY LABOUR ADOPTED BY THE CONFERENCE AT ITS FOURTEENTH SESSION, 10—28 JUNE 1930.

(Authentic Texts.)

DRAFT CONVENTION CONCERNING FORCED OR COMPULSORY LABOUR.

General Conference of the International Labour Organisation of the League of Nations,

Having been convened at Geneva by the Governing Body of the International Labour Office, and having met in its Fourteenth Session on 10 June 1930, and

Having decided upon the adoption of certain proposals with regard to forced or compulsory labour, which is included in the first item on the Agenda of the Session, and

Having determined that these proposals shall take the form of a draft international convention,

adopts, this twenty-eight day of June of the year one thousand nine hundred and thirty, the following Draft Convention for ratification by the Members of the International Labour Organisation, in accordance with the provisions of Part XIII of the Treaty of Versailles and of the corresponding Parts of the other Treaties of Peace :

Article 1.

Each Member of the International Labour Organisation which ratifies this Convention undertakes to suppress the use of forced or compulsory labour in all its forms within the shortest possible period.

With a view to this complete suppression, recourse to forced or compulsory labour may be had, during the transitional period, for public purposes only and as an exceptional measure, subject to the conditions and guarantees hereinafter provided.

At the expiration of a period of five years after the coming into force of this Convention, and when the Governing Body of the International Labour Office prepares the report provided for in Article 31 below, the said Governing Body shall consider the possibility of the suppression of forced or compulsory labour in all its forms without a further transitional period and the desirability of placing this question on the Agenda of the Conference.

Article 2.

For the purposes of this Convention the term "forced or compulsory labour" shall mean all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily.

Nevertheless, for the purposes of this Convention, the term "forced or compulsory labour" shall not include :

- (a) any work or service exacted in virtue of compulsory military service laws for work of a purely military character ;
- (b) any work or service which forms part of the normal civic obligations of the citizens of a fully self-governing country ;
- (c) any work or service exacted from any person as a consequence of a conviction in a court of law, provided that the said work or service is carried out under the supervision and control of a public authority and that the said person is not hired to or placed at the disposal of private individuals, companies or associations ;
- (d) any work or service exacted in cases of emergency, that is to say, in the event of war or of a calamity or threatened calamity, such as fire, flood, famine, earthquake, violent epidemic or epizootic diseases, invasion by animal, insect or vegetable pests, and in general any circumstances that would endanger the existence or the well-being of the whole or part of the population ;
- (e) minor communal services of a kind which, being performed by the members of the community in the direct interest of the said community, can therefore be considered as normal civic obligations incumbent upon the members of the community, provided that the members of the community or their direct representatives shall have the right to be consulted in regard to the need for such services.

Article 3.

For the purposes of this Convention the term "competent authority" shall mean either an authority of the metropolitan country or the highest central authority in the territory concerned.

Article 4.

The competent authority shall not impose or permit the imposition of forced or compulsory labour for the benefit of private individuals, companies or associations.

Where such force or compulsory labour for the benefit of private individuals, companies or associations exists at the date on which a Member's ratification of this Convention is registered by the Secretary-General of the League of Nations, the Member shall completely suppress such forced or compulsory labour from the date on which this Convention comes into force for that Member.

Article 5.

No concession granted to private individuals, companies or associations shall involve any form of forced or compulsory labour for the production or the collection of products which such private individuals, companies or associations utilise or in which they trade.

Where concessions exist containing provisions involving such forced or compulsory labour, such provisions shall be rescinded as soon as possible, in order to comply with Article 1 of this Convention.

Article 6.

Officials of the administration, even when they have the duty of encouraging the populations under their charge to engage in some form of labour, shall not put constraint upon the said populations or upon any individual members thereof to work for private individuals, companies or associations.

Article 7.

Chiefs who do not exercise administrative functions shall not have recourse to forced or compulsory labour.

Chiefs who exercise administrative functions may, with the express permission of the competent authority, have recourse to forced or compulsory labour, subject to the provisions of Article 10 of this Convention.

Chiefs who are duly recognised and who do not receive adequate remuneration in other forms, may have the enjoyment of personal services, subject to due regulation and provided that all necessary measures are taken to prevent abuses.

Article 8.

The responsibility for every decision to have recourse to forced or compulsory labour shall rest with the highest civil authority in the territory concerned.

Nevertheless, that authority may delegate powers to the highest local authorities to exact forced or compulsory labour which does not involve the removal of the workers from their place of habitual residence. That authority may also delegate, for such periods and subject to such conditions as may be laid down in the regulations provided for in Article 23 of this Convention, powers to the highest local authorities to exact forced or compulsory labour which involves the removal of the workers from their place of habitual residence for the purpose of facilitating the movement of officials of the administration, when on duty, and for the transport of Government stores.

Article 9.

Except as otherwise provided for in Article 10 of this Convention, any authority competent to exact forced or compulsory labour shall, before deciding to have recourse to such labour, satisfy itself :

- (a) that the work to be done or the service to be rendered, is of important direct interest for the community called upon to do the work or render the service ;
- (b) that the work or service is of present or imminent necessity ;
- (c) that it has been impossible to obtain voluntary labour for carrying out the work or rendering the service by the offer of rates of wages and conditions of labour not less favourable than those prevailing in the area concerned for similar work or service ; and
- (d) that the work or service will not lay too heavy a burden upon the present population, having regard to the labour available and its capacity to undertake the work.

Article 10.

Forced or compulsory labour exacted as a tax and forced or compulsory labour to which recourse is had for the execution of public works by chiefs who exercise administrative functions shall be progressively abolished.

Meanwhile, where forced or compulsory labour is exacted as a tax, and where recourse is had to forced or compulsory labour for the execution of public works by chiefs who exercise administrative functions, the authority concerned shall first satisfy itself :

- (a) that the work to be done or the service to be rendered, is of important direct interest for the community called upon to do the work or render the service ;
- (b) that the work or the service is of present or imminent necessity ;
- (c) that the work or service will not lay too heavy a burden upon the present population, having regard to the labour available and its capacity to undertake the work ;
- (d) that the work or service will not entail the removal of the workers from their place of habitual residence ;
- (e) that the execution of the work or the rendering of the service will be directed in accordance with the exigencies of religion, social life and agriculture.

Article 11.

Only adult able-bodied males who are of an apparent age of not less than 18 and not more than 45 years may be called upon for forced or compulsory labour. Except in respect of the kinds of labour provided for in article 10 of this Convention, the following limitations and conditions shall apply :—

- (a) whenever possible prior determination by a medical officer appointed by the administration that the persons concerned are not suffering

from any infectious or contagious disease and that they are physically fit for the work required and for the conditions under which it is to be carried out ;

- (b) exemption of school teachers and pupils and of officials of the administration in general ;
- (c) the maintenance in each community of the number of adult able-bodied man indispensable for family and social life ;
- (d) respect for conjugal and family ties.

For the purposes of sub-paragraph (c) of the preceding paragraph, the regulations provided for in Article 23 of this Convention shall fix the proportion of the resident adult able-bodied males who may be taken at any one time for forced or compulsory labour, provided always that this proportion shall in no case exceed 25 per cent. In fixing this proportion the competent authority shall take account of the density of the population, of its social and physical development, of the seasons, and of the work which must be done by the persons concerned on their own behalf in their locality, and, generally, shall have regard to the economic and social necessities of the normal life of the community concerned.

Article 12.

The maximum period for which any person may be taken for forced or compulsory labour of all kinds in any one period of twelve months shall not exceed sixty days, including the time spent in going to and from the place of work.

Every person from whom forced or compulsory labour is exacted shall be furnished with a certificate indicating the period of such labour which he has completed.

Article 13.

The normal working hours of any person from whom forced or compulsory labour is exacted shall be the same as those prevailing in the case of voluntary labour, and the hours worked in excess of the normal working hours shall be remunerated at the rates prevailing in the case of overtime for voluntary labour.

A weekly day of rest shall be granted to all persons from whom forced or compulsory labour of any kind is exacted and this day shall coincide as far as possible with the day fixed by tradition or custom in the territories or regions concerned.

Article 14.

With the exception of the forced or compulsory labour provided for in Article 10 of this Convention, forced or compulsory labour of all kinds shall be remunerated in cash at rates not less than those prevailing for similar kinds of work either in the district in which the labour is employed or in the district from which the labour is recruited, whichever may be the higher.

In the case of labour to which recourse is had by chiefs in the exercise of their administrative functions, payment of wages in accordance with the provisions of the preceding paragraph shall be introduced as soon as possible.

The wages shall be paid to each worker individually and not to his tribal chief or to any other authority.

For the purpose of payment of wages the days spent in travelling to and from the place of work shall be counted as working days.

Nothing in this Article shall prevent ordinary rations being given as a part of wages, such rations to be at least equivalent in value to the money payment they are taken to represent, but deductions from wages shall not be made either for the payment of taxes or for special food, clothing or accommodation supplied to a worker for the purpose of maintaining him in a fit condition to carry on his work under the special conditions of any employment, or for the supply of tools.

Article 15.

Any laws or regulations relating to workmen's compensation for accidents or sickness arising out of the employment of the worker and any laws or regulations providing compensation for the dependents of deceased or incapacitated workers which are or shall be in force in the territory concerned shall be equally applicable to persons from whom forced or compulsory labour is exacted and to voluntary workers.

In any case it shall be an obligation on any authority employing any worker on forced or compulsory labour to ensure the subsistence of any such worker who, by accident or sickness arising out of his employment, is rendered wholly or partially incapable of providing for himself, and to take measures to ensure the maintenance of any persons actually dependent upon such a worker in the event of his incapacity or decease arising out of his employment.

Article 16.

Except in cases of special necessity, persons from whom forced or compulsory labour is exacted shall not be transferred to districts where the food and climate differ so considerably from those to which they have been accustomed as to endanger their health.

In no case shall the transfer of such workers be permitted unless all measures relating to hygiene and accommodation which are necessary to adapt such workers to the conditions and to safeguard their health can be strictly applied.

When such transfer cannot be avoided, measures of gradual habituation to the new conditions of diet and of climate shall be adopted on competent medical advice.

In cases where such workers are required to perform regular work to which they are not accustomed, measures shall be taken to ensure their habituation to it, especially as regards progressive training, the hours of work and the provision of rest intervals, and any increase or amelioration of diet which may be necessary.

Article 17.

Before permitting recourse to forced or compulsory labour for works of construction or maintenance which entail the workers remaining at the work-places for considerable periods, the competent authority shall satisfy itself:

- (1) that all necessary measures are taken to safeguard the health of the workers and to guarantee the necessary medical care, and, in particular, (a) that the workers are medically examined before commencing the work and at fixed intervals during the period of service, (b) that there is an adequate medical staff, provided with the dispensaries, infirmaries, hospitals and equipment necessary to meet all requirements, and (c) that the sanitary conditions of the workplaces, the supply of drinking water, food, fuel, and cooking utensils, and, where necessary, of housing and clothing, are satisfactory;
- (2) that definite arrangements are made to ensure the subsistence of the families of the workers, in particular by facilitating the remittance, by a safe method, of part of the wages to the family, at the request or with the consent of the workers;
- (3) that the journeys of the workers to and from the workplaces are made at the expense and under the responsibility of the administration, which shall facilitate such journeys by making the fullest use of all available means of transport;
- (4) that, in case of illness or accident causing incapacity to work of a certain duration, the worker is repatriated at the expense of the administration;
- (5) that any worker who may wish to remain as a voluntary worker at the end of his period forced or compulsory labour is permitted to do so without, for a period of two years, losing his right to repatriation free of expense to himself.

Article 18.

Forced or compulsory labour for the transport of persons or goods, such as the labour of porters or boatmen, shall be abolished within the shortest possible period. Meanwhile the competent authority shall promulgate regulations determining, *inter alia*, (a) that such labour shall only be employed for the purpose of facilitating the movement of officials of the administration, when on duty, or for the transport of Government stores, or in cases of very urgent necessity, the transport of persons other than officials, (b) that the workers so employed shall be medically certified to be physically fit where medical examination is possible, and that where such medical examination is not practicable the person employing such workers shall be held responsible for ensuring that they are physically fit and not suffering from any infectious or contagious diseases, (c) the maximum load which these workers may carry, (d) the maximum distance from their homes to which they may be taken, (e) the maximum number of days per month or other period for which they may be taken, including the days spent in returning to their homes, and (f) the persons entitled to demand this form of forced or compulsory labour and the extent to which they are entitled to demand it.

In fixing the maxima referred to under (c), (d) and (e) in the foregoing paragraph, the competent authority shall have regard to all relevant factors, including the physical development of the population from which the workers are recruited, the nature of the country through which they must travel and the climatic conditions.

The competent authority shall further provide that the normal daily journey of such workers shall not exceed a distance corresponding to an average working day of eight hours, it being understood that account shall be taken not only of the weight to be carried and the distance to be covered, but also of the nature of the road, the season and all other relevant factors, and that, where hours of journey in excess of the normal daily journey are exacted, they shall be remunerated at rates higher than the normal rates.

Article 19.

The competent authority shall only authorise recourse to compulsory cultivation as a method of precaution against famine or a deficiency of food supplies and always under the condition that the food or produce shall remain the property of the individuals or the community producing it.

Nothing in this Article shall be construed as abrogating the obligation on members of a community, where production is organised on a communal basis by virtue of law or custom and where the produce or any profit accruing from the sale thereof remain the property of the community, to perform the work demanded by the community by virtue of law or custom.

Article 20.

Collective punishment laws under which a community may be punished for crimes committed by any of its members shall not contain provisions for forced or compulsory labour by the community as one of the methods of punishment.

Article 21.

Forced or compulsory labour shall not be used for work under ground in mines.

Article 22.

The annual reports that Members which ratify this Convention agree to make to the International Labour Office, pursuant to the provisions of Article 408 of the Treaty of Versailles and of the corresponding Articles of the other Treaties of Peace, on the measures they have taken to give effect to the provisions of this Convention, shall contain as full information as possible, in respect of each territory concerned, regarding the extent to which recourse has been had to forced or compulsory labour in that territory, the purposes for which it has been employed, the sickness and death rates, hours of work, methods of payment of wages and rates of wages and any other relevant information.

Article 23.

To give effect to the provisions of this Convention the competent authority shall issue complete and precise regulations governing the use of forced or compulsory labour.

These regulations shall contain, *inter alia*, rules permitting any person from whom forced or compulsory labour is exacted to forward all complaints relative to the conditions of labour to the authorities and ensuring that such complaints will be examined and taken into consideration.

Article 24.

Adequate measures shall in all cases be taken to ensure that the regulations governing the employment of forced or compulsory labour are strictly applied, either by extending the duties of any existing labour inspectorate which has been established for the inspection of voluntary labour to cover the inspection of forced or compulsory labour or in some other appropriate manner. Measures shall also be taken to ensure that the regulations are brought to the knowledge of persons from whom such labour is exacted.

Article 25.

The illegal exaction of forced or compulsory labour shall be punishable as a penal offence, and it shall be an obligation on any Member ratifying this Convention to ensure that the penalties imposed by law are really adequate and are strictly enforced.

Article 26.

Each Member of the International Labour Organisation which ratifies this Convention undertakes to apply to the territories placed under its sovereignty, jurisdiction, protection, suzerainty, tutelage or authority, so far as it has the right to accept obligations affecting matters of internal jurisdiction; provided that, if such Member may desire to take advantage of the provisions of Article 421 of the Treaty of Versailles and the corresponding Articles of the other Treaties of Peace, it shall append to its ratification, a declaration stating:

- (1) the territories to which it intends to apply the provisions of this Convention without modification;
- (2) the territories to which it intends to apply the provisions of this Convention with modifications, together with details of the said modifications;
- (3) the territories in respect of which it reserves its decision.

The aforesaid declaration shall be deemed to be an integral part of the ratification and shall have the force of ratification. It shall be open to any Member, by a subsequent declaration, to cancel in whole or in part the reservations made, in pursuance of the provisions of sub-paragraphs (2) and (3) of this Article, in the original declaration.

Article 27.

The formal ratifications of this Convention under the conditions set forth in Part XIII of the Treaty of Versailles and in the corresponding Parts of the other Treaties of Peace shall be communicated to the Secretary-General of the League of Nations for registration.

Article 28.

This Convention shall be binding only upon those Members whose ratifications have been registered with the Secretariat.

It shall come into force twelve months after the date on which the ratifications of two Members of the International Labour Organisation have been registered with the Secretary-General.

Thereafter, this Convention shall come into force for any Member twelve months after the date on which the ratification has been registered.

Article 29.

As soon as the ratifications of two Members of the International Labour Organisation have been registered with the Secretariat, the Secretary-General of the League of Nations shall so notify all the Members of the International Labour Organisation. He shall likewise notify them of the registration of ratifications which may be communicated subsequently by other Members of the Organisation.

Article 30.

A Member which has ratified this Convention may denounce it after the expiration of ten years from the date on which the Convention first comes into force, by an act communicated to the Secretary-General of the League of Nations for registration. Such denunciation shall not take effect until one year after the date on which it is registered with the Secretariat.

Each Member which has ratified this Convention and which does not, within the year following the expiration of the period of ten years mentioned in the preceding paragraph, exercise the right of denunciation provided for in this Article, will be bound for another period of five years and, thereafter, may denounce this Convention at the expiration of each period of five years under the terms provided for in this Article.

Article 31.

At the expiration of each period of five years after the coming into force of this Convention, the Governing Body of the International Labour Office shall present to the General Conference a report on the working of this Convention and shall consider the desirability of placing on the Agenda of the Conference the question of its revision in whole or in part.

Article 32.

Should the Conference adopt a new Convention revising this Convention in whole or in part, the ratification by a Member of the new revising Convention shall *ipso jure* involve denunciation of this Convention without any requirement of delay, notwithstanding the provisions of Article 30 above, if and when the new revising Convention shall have come into force.

As from the date of the coming into force of the new revising Convention the present Convention shall cease to be open to ratification by the Members.

Nevertheless, this Convention shall remain in force in its actual form and content for those Members which have ratified it but have not ratified the revising Convention.

Article 33.

The French and English texts of this Convention shall both be authentic.

The foregoing is the authentic text of the draft Convention duly adopted by the General Conference of the International Labour Organisation during its Fourteenth Session which was held at Geneva and declared closed the 28th day of June 1930.

IN FAITH WHEREOF we have appended our signatures this twenty-fifth day of July, 1930.

The President of the Conference.

E. MAHAIM.

The Director of the International Labour Office.

ALBERT THOMAS.

League of Nations.

INTERNATIONAL LABOUR CONFERENCE.

RECOMMENDATION CONCERNING INDIRECT COMPULSION TO LABOUR.

The General Conference of the International Labour Organisation of the League of Nations,

Having been convened at Geneva by the Governing Body of the International Labour Office, and having met in its Fourteenth Session on 10th June 1930, and

Having decided upon the adoption of certain proposals with regard to indirect compulsion to labour, which is included in the first item on the Agenda of the Session, and

Having determined that these proposals should take the form of a recommendation,

adopts, this twenty-eighth day of June of the year one thousand nine hundred and thirty, the following Recommendation, to be submitted to the Members of the International Labour Organisation for consideration with a view to effect being given to it by national legislation or otherwise, in accordance with the provisions of Part XIII of the Treaty of Versailles and of the corresponding Parts of the other Treaties of Peace :

Having adopted a Draft Convention concerning forced or compulsory labour, and

Desiring to supplement this Draft Convention by a statement of the principles which appear best fitted to guide the policy of the Members in endeavouring to avoid any indirect compulsion to labour which would lay too heavy a burden upon the populations of territories to which the Draft Convention may apply,

The Conference recommends that each Member should take the following principles into consideration :

I.

The amount of labour available, the capacities for labour of the population, and the evil effects which too sudden changes in the habits of life and labour may have on the social conditions of the population, are factors which should be taken into consideration in deciding questions connected with the economic development of territories in a primitive stage of development, and, in particular when deciding upon :

- (a) increases in the number and extent of industrial, mining and agricultural undertakings in such territories ;
- (b) the non-indigenous settlement, if any, which is to be permitted ;
- (c) the granting of forest or other concessions, with or without the character of monopolies.

II.

The desirability of avoiding indirect means of artificially increasing the economic pressure upon populations to seek wage-earnings employment, and particularly such means as :

- (a) imposing such taxation upon populations as would have the effect of compelling them to seek wage-earnings employment with private undertakings ;
- (b) imposing such restrictions on the possession, occupation, or use of land as would have the effect of rendering difficult the gaining of a living by independent cultivation ;
- (c) extending abusively the generally accepted meaning of vagrancy ;
- (d) adopting such pass laws as would have the effect of placing workers in the service of others in a position of advantage as compared with that of other workers.

III.

The desirability of avoiding any restrictions on the voluntary flow of labour from one form of employment to another or from one district to another which might have the indirect effect of compelling workers to take employment in particular industries or districts, except where such restrictions are considered necessary in the interest of the population or of the workers concerned.

The foregoing is the authentic text of the Recommendation duly adopted by the General Conference of the International Labour Organisation during its Fourteenth Session which was held at Geneva and declared closed the 28th day of June 1930.

IN FAITH WHEREOF we have appended our signatures this twenty-fifth day of July, 1930.

The President of the Conference.

E. MAHAÏM.

The Director of the International Labour Office.

ALBERT THOMAS.

League of Nations.

INTERNATIONAL LABOUR CONFERENCE.

RECOMMENDATION CONCERNING THE REGULATION OF FORCED OR COMPULSORY LABOUR.

The General Conference of the International Labour Organisation of the League of Nations,

Having been convened at Geneva by the Governing Body of the International Labour Office, and having met in its Fourteenth Session on 10th June, 1930, and

Having decided upon the adoption of certain proposals with regard to the regulation of forced or compulsory labour, which is included in the first item, on the Agenda of the Session, and

Having determined that these proposals shall take the form of a recommendation,

adopts, this twenty-eighth day of June of the year one thousand nine hundred and thirty, the following Recommendation, to be submitted to the Members of the International Labour Organisation for consideration with a view to effect being given to it by national legislation or otherwise, in accordance with the provisions of Part XIII of the Treaty of Versailles and of the corresponding Parts of the other Treaties of Peace :

Having adopted a Draft Convention concerning forced or compulsory labour, and

Desiring to give expression to certain principles and rules relating to forced or compulsory labour which appear to be of a nature to render the application of the said Draft Convention more effective,

The Conference recommends that each Member should take the following principles and rules into consideration :

I.

Any regulations issued in application of the Draft Convention concerning forced or compulsory labour, as well as any other legal provisions or administrative orders, existing at the time of the ratification of the said Draft Convention or thereafter enacted, governing the employment of forced or compulsory labour, including any laws or administrative orders concerning compensation or indemnification for sickness, injury to, or death of workers taken for forced or compulsory labour, should be printed by the competent authority in such one or more native languages as will convey their import to the workers concerned and to the population from which the workers are to be drawn. Such printed texts should be widely exhibited and, if necessary, arrangements made for their oral communication to the workers and to the population concerned ; copies should also be made available to the workers concerned and to others at cost price.

II.

Recourse to forced or compulsory labour should be so regulated as not to imperil the food supply of the community concerned.

III.

When recourse is had to forced or compulsory labour all possible measures should be taken to ensure that the imposition of such labour in no case leads indirectly to the illegal employment of women and children on forced or compulsory labour.

IV.

All possible measures should be taken to reduce the necessity for recourse to forced or compulsory labour for the transport of persons or goods. Such recourse should be prohibited when and where animal or mechanical transport is available.

V.

All possible steps should be taken to see that no alcoholic temptations are placed in the way of workers engaged in forced or compulsory labour.

The foregoing is the authentic text of the Recommendation duly adopted by the General Conference of the International Labour Organisation during its Fourteenth Session which was held at Geneva and declared closed the 28th day of June, 1930.

IN FAITH WHEREOF we have appended our signatures this twenty-fifth day of July, 1930.

The President of the Conference.

E. MAHAIM.

The Director of the International Labour Office

ALBERT THOMAS.

COPY OF THE RESOLUTION ADOPTED BY THE INDIAN LEGISLATURE, ON THE 3RD AND 5TH OCTOBER 1931, RESPECTIVELY.

"That while considering that the Draft Convention on forced labour cannot be ratified until Article 2 thereof is modified so as to exclude labour exacted under the Criminal Tribes Act, the Good Conduct Prisoners' Probationary Release Act and other similar social legislation in force in India, this ^{Assembly} _{Council} recommends to the Government of India that they proceed to take action on all other provisions contained in the Draft Convention and the Recommendations as soon as may be practicable."

LETTER TO ALL LOCAL GOVERNMENTS AND THE CHIEF COMMISSIONER, COORG, NO. F. 187/II/30-PUBLIC, DATED THE 18TH DECEMBER 1931.

I am directed to refer to paragraph 4 of the Home Department letter no. F. 187/2/30-Public, dated the 3rd November 1931, in which the local Governments were requested to give effect to the Resolution adopted by both Houses of the Indian Legislature in regard to the Draft Convention and Recommendations concerning forced or compulsory labour by amending local enactments, etc.,

FORMS OF FORCED LABOUR IN THE PROVINCES.

I am to explain that the term "local enactments" is intended to include any local Act of the Central Legislature the application of which is confined to a single province, e.g., the Madras Compulsory Labour Act, 1858.

ENDORSEMENT NO. F. 187/II/30-PUBLIC, DATED THE 18TH DECEMBER 1931.

A copy is forwarded to the Chief Commissioners of N.-W. F. P., Delhi, and Ajmer-Merwara; the I. & L., E. H. and L., F. and P. and Army Departments for information with reference to the Home Department letter/endorsement no. F. 187/2/30-Public, dated the 3rd November 1931.

MEMORANDUM FROM THE FOREIGN AND POLITICAL DEPARTMENT, TO THE HON'BLE THE CHIEF COMMISSIONER AND AGENT, TO THE GOVERNOR-GENERAL, NORTH-WEST FRONTIER PROVINCE, NO. D. 7390-F/31, DATED THE 18TH JANUARY 1932.

Reference Government of India, Home Department circular letter no. F. 187/2/30-Public, dated the 3rd November 1931.

2. The Government of India have under consideration the question whether Section 35 of the Frontier Crimes Regulation should be amended or repealed in order to give effect to the resolutions passed in the Indian Legislature regarding the Draft Convention and Recommendations (adopted by the International Labour Conference) concerning forced or compulsory labour.

3. As the Section in question does not actually of its own force set up a system of forced labour but merely provides a sanction in the form of personal or communal fine for the enforcement of a system of forced labour already existing under the operation of custom, it seems possible that it could be considered to come within the substantive part of the exception in clause (e) of Article 2 of the Convention. As an alternative to the repeal or amendment of Section 35 therefore a colourable form of compliance with the proviso to the exception in question might be devised without resort to legislation. If on the other hand the practice of providing labour, which is based on custom, is to be abolished it will of course be necessary to consider what form the consequent legislation should take.

4. The Government of India will be glad to have your views on the subject in the light of the above considerations and also with reference to the recommendations concerning this Section made by the Frontier Regulations Enquiry Committee.

Copy forwarded to the Home Department for information.

*To N.-W. F. P. and Delhi only.

LETTER FROM THE CHIEF COMMISSIONER, COORG, NO. 225/145-10, DATED THE 25TH JANUARY 1932.

I am directed to refer to your letter no. F. 187/2/30-Public, dated the 3rd November 1931, and to say that as the practice of exacting forced or compulsory labour does not exist in Coorg, no action is called for so far as this administration is concerned.

LETTER TO THE GOVERNMENTS OF BENGAL, THE UNITED PROVINCES, BIHAR AND ORISSA AND ASSAM, NO. F. 187/2/30-PUBLIC, DATED THE 2ND FEBRUARY 1932.

With reference to the correspondence ending with the Home Department letter no. F. 187/II/30-Public, dated the 18th December 1931, I am directed to address you regarding section VIII of Bengal Regulation XI of 1806 which authorises the impressment of transport and supplies for public and private purposes. The Government of India consider that such impressment falls within the definition of "forced or compulsory labour" in article 2 of the Draft Convention and is not covered by any of the exceptions contained in that article. In accordance with the recommendations contained in the terms of the Resolutions passed by the two Houses of the Indian Legislature, the Government of India have to consider the repeal of Section VIII of the Bengal Regulation. They understand that as far as impressment of labour for private persons goes the section is practically a dead letter but that certain touring officers of Government have found its provisions useful, and in a few cases necessary. It is now more than two years since the local Government communicated their views on the utility of Section VIII of Regulation XI. The Government of India are inclined to the view that unless experience of the last 2 years has shown more clearly the necessity for the retention of this section they cannot, consistent with their undertaking to the Legislature, defer consideration of its repeal. Before taking any further action they would be glad to be favoured with the views of His Excellency the Governor in Council on the proposed repeal.

2. I am to request that a reply to this letter may be sent as soon as possible.

LETTER FROM THE AGENT TO THE GOVERNOR-GENERAL AND CHIEF COMMISSIONER IN BALUCHISTAN, NO. 469-R., DATED THE 29TH JANUARY 1932.

With reference to the correspondence ending with Mr. Whittaker's letter no. F. 187/2/30-Public, dated the 9th December 1931, I have the honour to state that no forced or compulsory labour, as defined in Article 2 of the Convention, is exacted in Baluchistan. Mr. Gwynne's letter no. F. 187/2/30-Public, dated the 3rd November 1931, with its enclosures, is however being circulated to all District Officers for information and guidance.

(Despatches from the S/S not to be sent.)

LETTER FROM THE SECRETARY TO THE GOVERNMENT OF INDIA IN THE FOREIGN AND POLITICAL DEPARTMENT; TO THE SECRETARY TO THE GOVERNMENT OF BOMBAY, POLITICAL DEPARTMENT; THE CHIEF SECRETARIES TO THE GOVERNMENTS OF BENGAL, THE UNITED PROVINCES, THE PUNJAB, BIHAR AND ORISSA, THE CENTRAL PROVINCES, AND ASSAM; THE HON'BLE THE RESIDENTS AT HYDERABAD AND MYSORE; THE HON'BLE THE AGENTS TO THE GOVERNOR-GENERAL IN CENTRAL INDIA AND RAJPUTANA; THE HON'BLE THE AGENT TO THE GOVERNOR-GENERAL AND CHIEF COMMISSIONER IN BALUCHISTAN; THE HON'BLE THE AGENTS TO THE GOVERNOR-GENERAL IN THE STATES OF WESTERN INDIA, AND THE PUNJAB STATES; THE RESIDENTS AT BARODA, KASHMIR, AND GWALIOR; THE POLITICAL OFFICER IN SIKKIM; AND THE AGENT TO THE GOVERNOR-GENERAL, MADRAS STATES, NO. D.-1890-P./32, DATED SIMLA, THE 27TH MAY 1932.

The International Labour Conference at its 14th session held in June 1930, adopted the draft Convention and Recommendations concerning forced or compulsory labour, of which copies are enclosed herewith. The Convention in question has not been formally ratified by the Government of India but they have decided to accept the Resolutions passed by the Indian Legislature in October 1931 (copies enclosed).

2. I am accordingly to request that with the permission of His Excellency the Governor if you see no objection,

copies of the draft Convention and the Resolutions may kindly be forwarded to

	the Government of Bombay,
	the Government of the Punjab,
the rulers of States in political relations with	the Government of Bihar and Orissa,
	the Government of the Central Provinces,
	the Western India States Agency,
	the Central India Agency,
the Darbars of States in	the Rajputana Agency,
	the Punjab States Agency,
	the Madras States Agency,
the Cooch Behar and Tripura Darbars,	
the Rampur, Benares and Tehri Darbars,	
the Manipur Darbar,	
His Exalted Highness the Nizam's Government,	
the Mysore Darbar,	
His Highness the Khan of Kelat and the Jam of Las Bela,	
the Baroda Darbar,	
the Kashmir Darbar,	
the Gwalior Darbar,	
the Sikkim Darbar,	

with an intimation that the Resolutions adopted by the Indian Legislature have been accepted by the Government of India who would be glad if they (Darbars) would co-operate and take such action on the provisions of the draft Convention as may be considered suitable and necessary in the individual circumstances of each State.

LETTER FROM THE CHIEF COMMISSIONER, NORTH-WEST FRONTIER PROVINCE,
TO THE FOREIGN AND POLITICAL DEPARTMENT, NO. 3638-G/XXVI-B-50,
DATED THE 15TH MARCH 1932.

With reference to the correspondence ending with your memorandum no. D-7390-F/30, dated 18th January 1932, I have the honour to say that this Province is concerned only with the following four enactments in which provisions exist regarding the mobilization of labour for certain purposes. They are (1) the Frontier Crimes Regulation, section 35, (2) the Punjab Minor Canals Act, sections 26 and 27, (3) the Northern India Canal and Drainage Act, sections 64 and 65, and (4) the Hazara Forest Regulation, sections 36 and 37.

Section 35 of the Frontier Crimes Regulation deals with the provision of watch and ward in village communities by members of these communities. This seems to me "a minor communal service of a kind which being performed by the members of the community in the direct interest of the said community can therefore be regarded as a normal civic obligation incumbent upon the members of the community" and I see no objection to the communities concerned having the right to be consulted in regard to the need for the service. When this right is conceded then I think the system to which the section relates would come under clause (e) of Article 2 of the Convention.

Sections 26 and 27 of the Punjab Minor Canals Act deal with the provision of labour for the purpose of effecting the annual silt clearance of canals and for maintaining the efficiency of these canals. This is another minor communal service of the kind specified in clause (e) of Article 2 of the Convention and the communities concerned have declared themselves bound by custom to furnish such labour or have agreed to furnish it.

Sections 64 and 65 of the Northern India Canal and Drainage Act deal with service exacted in case of emergency which comes within the scope of clause (d) of Article 2. Section 36 of the Hazara Forest Regulation also deals with service to meet emergencies.

In my view therefore the only action required so far as this Province is concerned is the amendment of section 35 of the Frontier Crimes Regulation. The Frontier Regulations Enquiry Committee dealt with this section at pages 76 and 86 of their report and suggested the amendment that the Deputy Commissioner should draw up a formal statement of customs obtaining in each village liable to provide Naubati Chowkidars after hearing objections, if any, by the village community concerned. This amendment would I think meet the requirement of clause (e) of Article 2 "that members of the community or their direct representatives shall have the right to be consulted in regard to the need for such services".

LETTER FROM THE GOVERNMENT OF MADRAS, PUBLIC WORKS AND LABOUR
DEPARTMENT, NO. 2011-L., DATED THE 24TH SEPTEMBER 1932.

Reference Mr. Gwynne's letter no. 187/2/30-Public, dated 3rd November 1931.

I am directed to state that the enactments, so far as this Province is concerned, which relate to the use of forced or compulsory labour for public purposes are —

- (1) The Madras Forests Act, 1882, and
- (2) The Madras Compulsory Labour Act, 1858.

Since the various services required under section 23 of the Madras Forests Act, 1882, are either covered by the exceptions in clause (d) of Article 2 of the Convention or cannot reasonably be regarded as forced or compulsory labour, this Government consider that no action is required to discontinue them.

The labour referred to in sections 1 to 5 of the Madras Compulsory Labour Act, 1858, is covered by clause (d) of Article 2 of the Convention and that referred to in section 6 is covered by clause (e), the proviso to this clause being met by the provision in section 6 that in case of dispute a village panchayat shall settle the amount payable. Therefore, so far as this Act also is concerned, no amendment is, in the opinion of this Government, necessary.

2. The question of how far "forced or compulsory labour" exists in favour of individuals or of Government in the Agency tracts of Ganjam, Vizagapatam and East Godavari and what steps should be taken to secure its abolition has also been examined.

In the Bhadrachalam Taluk of the East Godavari Agency, the Koyas are mostly engaged on Agency Civil works and Forest works for which they receive payment as well as certain special privileges. These Koyas are generally lazy and do not always voluntarily offer themselves for work, if it happens to be the toddy drinking or cultivation season. But there is no legal or customary penalty imposed for refusal to work.

In the Ganjam Agency there is a system of compulsory labour called "Vetti" labour. Under this system, the Savaras have to render service to Government for the execution of civil works in return for the free grant of land to them for "podu" cultivation. The demand for this labour is not questioned or resented as a rule, but in rare cases of recalcitrancy the men have on occasions been fined up to Rs. 5. The work done for Government is not entirely unpaid, as some small amounts are paid to the village heads to be distributed amongst the men.

In the Vizagapatam Agency the Vetti system consists of service rendered by the cultivators to the owners of the land which they cultivate. As the greater part of the Agency tracts of this District is situated within the confines of the Jeypore estate, Vetti service whether performed for Government officials or the Estate is done by arrangement with the Estate. The commonest form of this system is domestic service. It is under the Vetti system also that repairs to bungalows, etc., are undertaken and supplies and coolies for carrying samans are procured. Except in the case of domestic service adequate payment is made for all such service. The Maharajah of Jeypore in a circular, dated 30th June 1924, directed that the Vetti system should cease and this order presumably referred to the system of domestic service. In regard to Vetti service to Government, the hillmen, being naturally of a lazy disposition, do not offer themselves for work voluntarily in most cases, but can usually be persuaded

to come to the work spot. There is no penalty for refusal to do Vetti service. There is another system of labour called the "Gothi" system prevalent in this Agency. Every private individual in this Agency employs Gothi chiefly for the cultivation of land. The basis of this system is a loan or advance, given by the employer to the Gothi. In theory the Gothi should discharge the debt by services rendered and in many cases it has been found that the employer executes a document commonly called a gojha or gothinama. The labour is not strictly compulsor as the Gothi usually enters into the contract voluntarily.

3. Though the Government of Madras are satisfied that none of the forms of labour described above comes fully within the definition of 'forced or compulsory labour,' they have impressed on the officer concerned that it must be remembered that as people rise in the scale of civilisation voluntary labour for an adequate wage becomes the rule, and nothing should be done to foster a system which is incompatible with development in that direction. They have issued instructions that in particular the form of domestic Vetti service obtaining in the Vizagapatam Agency should be discouraged, and that the fining of Savaras who fail to render service to Government in the Ganjam Agency, which is stated to occur on rare occasions, should be discontinued.

LETTER FROM THE GOVERNMENT OF BOMBAY, POLITICAL DEPARTMENT, NO. 8245-D., DATED THE 25TH APRIL 1932.

I am directed by the Governor in Council to refer to your letter no. F. 187-2-30-Public, dated the 3rd November 1931, forwarding for necessary action by the local Government the Draft Convention and Recommendations concerning Forced or Compulsory labour adopted at the International Labour Conference in June 1930 and to state as under.

2. In view of the Resolution passed by the Council of State and the Legislative Assembly concerning the Draft Convention and Recommendations, the Bombay Presidency is concerned only with the following kinds of Forced or Compulsory labour :—

- (1) Labour impressed under the Indian Forest Act, 1927 ;
- (2) Impressment of carts to carry the kit of Government officers ;
- (3) Forced labour which arises out of the tenure of land ;
- (4) Labour impressed under the Bombay Irrigation Act, 1879.

As regards (1), the requisite action will be taken by the Government of India.

As regards (2), the policy of Government in the matter of impressment of carts is stated in Press Note no. P.-88, dated the 18th July 1922, a copy of which is enclosed. The instructions contained in this Note comply with the requirements of Article 9 of the Convention. The system of granting loans for the purchase of carts and bullocks on condition that the borrower should carry the kit of Government officers wherever required was introduced in 1923. It now

prevails only in the Kanara District. No complaints in the matter of impressment of carts are now received by Government either through individual applications, newspaper articles or Council questions. It is therefore considered that abuses of the system of impressment of carts have practically ceased to exist. No orders of Government are therefore necessary in the matter.

As regards item (3), it will be seen from paragraph 5 of this Department letter to the Government of India, no. 8245-D., dated the 13th July 1931, that the Bombay Government have already urged that this kind of labour, viz., — that arising out of the tenure of the land should be excluded from the definition of Forced Labour. This type of labour is not mentioned in Articles 1 and 2 of the Convention and though it is exacted under the menace of a penalty, e.g., forfeiture of land, it is offered voluntarily in consideration of receiving the land. No action is therefore necessary in regard to this type of labour.

As regards item (4), I am to say that labour impressed under the Bombay Irrigation Act, 1879, cannot be included in the category of Forced or Compulsory labour within the meaning of Article 2 of the Convention, as it is covered by exception (d). No further action is therefore considered necessary so far as the Irrigation Act is concerned.

NO. P.-88, DATED THE 18TH JULY 1922.

With the compliments of the Director of Information, Bombay.

IMPRESSMENT OF CARTS.

Why the system is necessary.

From time to time complaints have been made in the Press and elsewhere regarding the present system of impressment of carts, whereby officers of Government obtain transport when they are on tour. From the nature of the criticisms made it would appear that there is some misapprehension with regard to the system itself and on the question of touring generally. Frequent touring by the superior officers of Government is essential to the proper administration of the districts in their charge. The welfare of the ryots depends, to a greater extent than is generally realised, on the constant supervision exercised over the subordinate officers of Government by their superiors and that supervision can be exercised adequately only by personal visits and inspection. The physical conditions of the country and the character and habits of the people lend themselves to the creation of conditions of isolation favourable to petty tyranny and oppression on the part of those who, either by reason of official status or private wealth and influence are placed in positions of authority. It is to counteract this possibility by bringing the ryot into personal touch with the superior officers of those Departments of Government which affect his daily life and to enable the officers themselves to know their districts and to understand the people who live in them, that touring is insisted upon as one of the most important duties of officers in the mofussil. Collectors and Deputy Collectors, District Superintendents of Police, Educational Inspectors, Excise officers, etc., must spend a considerable portion of the year travelling about

their respective charges. These journeys can only be accomplished with the aid of bullock carts and the system that has obtained for hundreds of years in India has been to obtain the necessary transport at the various villages through which the officer passes, if necessary, by impressment.

The principle that, in matters of this kind the private convenience of individuals must at times be subordinated to the interests of the State is one that is generally recognized. In England, for example, shop-keepers and publicans and private householders may be called upon at any time to billet troops for an indefinite period at a fixed rate of payment and an illustration germane to the question of the impressment of carts is to be found in all large towns, where the owners of public conveyances are licensed and are subject to various conditions, one of which binds them, when disengaged, to take any one who wishes to hire their vehicle a certain distance for a fixed fare. This system of impressment of cart has on the whole worked well. In the vast majority of cases no suggestion of compulsion is necessary. Cart owners are perfectly ready to hire out their vehicles to travelling officers and where cases of friction have occurred the trouble has been due, not to objection to hiring out the carts but to discontent at the rate of hire. Cases of refusal to hire carts under any conditions can usually be traced to the agitation of individuals who are opposed to the existing system of Government and are determined to prevent any assistance being given to its officers.

Nor is there anything new in either of these causes of friction with regard to the impressment of carts. In 1874 Government called for reports on the question from all Commissioners and Collectors. The replies received showed that there was no difficulty in obtaining carts where the price paid was fair and reasonable, and the conditions of hiring were made as light as possible, but that occasionally difficulty was met with owing to local agitation by interested persons "whose sole aim" said one report "is to raise up discontent—conduce to a belief that the cultivating classes are oppressed, their freedom and rights of liberty trampled on and that they must in every petty form and conceivable manner deny the Government and their officers the right to supplies, etc."

It was recognised, however, that the loose system then existing laid itself open to abuse and might be made a weapon for unfair discrimination and petty tyranny by village officers and in 1881 Government drew up the following regulations with regard to the impressment of carts, which were to be observed by all officers of Government :—

- (a) That the rate of cart hire be fixed by the order of Commissioners per mile; that there should be a minimum charge for engaging a cart at all and a minimum rate for a cart kept a whole day.
- (b) That no cart be carried beyond 20 miles or thereabouts from the place of hiring.
- (c) That a list of carts in a village be kept by the Patel and a list of the number of carts in each village by the Mamlatdar.
- (d) That requisitions by public officers for carts be made on the Patel or where large numbers are needed, on the Mamlatdar and be met in strict rotation of individuals and of villages.

- (e) That no person's cart be taken in a village other than his own unless he offers it for hire.
- (f) That no cart in use on any public road be taken for the use of public officers travelling.
- (g) That officers below the rank of Assistant or Deputy Collector or Executive Engineer should be furnished with a written order from their official superiors for obtaining transport by requisition.

These orders were again brought to the notice of Commissioners and Collectors in October 1909 and they were instructed to observe them generally and especially when a complaint was made by owners regarding their impressment. In December of last year, with a view to meeting the complaint that the rates of hire fixed by the Commissioners were unduly low, Collectors were instructed to draw up annually for each Taluka or Mahal, an estimate of the ordinary market rates of cart hire and submit it to the Commissioner for sanction.

The safeguards provided by the Resolution of 1881 and the latest regulations which allow for the fixing of a rate of hire by local officers cognisant of local conditions and the current market rates have assisted in the relatively smooth working of the system which has, in most districts, been no source of hardship and has given rise to no complaints. Civil officers no longer take on tour the large establishments which were formerly considered necessary. The number of carts used by district officers is considerably less than it was some years ago, and the number of carts available has rendered their occasional use by Government officers a matter of no, or very little, inconvenience. The rates laid down by Government have usually been somewhat in excess of those obtainable from private individuals.

Government, however, has always recognised that the present system, however carefully regulated, is open to abuse and that where, of necessity the actual taking of the carts has to be entrusted to taluka peons or inferior village officers private animosities may lead to injustice and cases of individual hardship. Endeavours have been made to devise some other scheme but no solution has yet been found which, while being effective, did not involve very heavy additional expenditure. Instructions have been issued to Collectors to see that the rules laid down are given effect to and to all officers of Government to see that their subordinates understand the rules and that they are given effect to by village officers.

LETTER FROM THE GOVERNMENT OF BENGAL, POLITICAL DEPARTMENT,
NO. 1503-P. D., DATED THE 1ST OCTOBER 1932.

I am directed to refer to the correspondence resting with Home Department letter no. F. 187/2/30-Public, dated the 2nd February 1932, and in reply, to say that after ascertaining the views of Commissioners of Divisions the local Government are of the opinion that section 8 of Bengal Regulation XI of 1806 is an obsolete provision which is never used and can well be dispensed with. They have therefore no objection to the repeal of this section. I am to express regret for the delay in sending this reply.

LETTER FROM THE GOVERNMENT OF BENGAL, COMMERCE DEPARTMENT, NO. 5930-COM., DATED THE 21ST NOVEMBER 1933.

I am directed to refer to your letter no. F. 187/2/30-Public, dated the 3rd November 1931, and to say that, so far as the Government of Bengal is concerned, action was found necessary in only one Department, *viz.*, Revenue (Cinchona) Department in order to give effect to the proposal. Under clause 15 of the revised form of lease for tenants in the Government Cinchona Plantation at Mungpoo in the district of Darjeeling (which was approved in this Government Order no. 4457-L.R., dated the 7th April 1932), the tenants may be ordered to supply provisions and labour on payment and under clause 17 of the form of lease, it is obligatory for them to supply two days labour each in a year, free of charge, for the opening and maintenance of roads. After considering the question further, the Government of Bengal have come to the conclusion that clause 17 of the lease is unnecessary in the circumstances existing in Mungpoo plantation and that clause 15 should be modified, so as to apply only to cases which come under Article 2 (d) of the draft convention and recommendations, to the extent that the tenant, his heirs and permitted assigns shall be bound on receipt of orders from any officer of Government empowered to that effect by the Superintendent, Cinchona Cultivation, Bengal, to render assistance to the best of their ability in fighting forest or plantation fires and in doing any work necessary owing to landslip, earthquake or other natural calamity in times of emergency within the plantation. As it has been reported to Government that *pattas* have been issued to tenants without the modifications mentioned above and as it will be inconvenient to make any modification in the *patta* now, instructions have been issued to the officers concerned not to enforce clause 17 of the lease and to enforce clause 15 only to the limited extent mentioned above.

In no other service under the Government of Bengal is forced or compulsory labour extracted from the people of Bengal.

LETTER FROM THE GOVERNMENT OF THE UNITED PROVINCES, INDUSTRIES DEPARTMENT, NO. 303, DATED THE 24TH FEBRUARY 1932.

I am directed to refer to Mr. Gwynne's letter no. F. 187/2/30-Public, dated November 3, 1931. In this the Government of India request the local Government to give practical effect to the Resolutions of both Houses of the Indian Legislature by the amendment of such local enactments as permit the employment of forced or compulsory labour within the meaning of Article 2 of the Convention, and by the issue of such executive orders as may be deemed advisable to secure the objects in view. The Government of India also ask for a report on the action taken by the local Government in the matter.

2. There is no local enactment in force in the United Provinces permitting the employment of forced or compulsory labour in any form that cannot either be covered by one or other of the exceptions mentioned in Article 2 or that, like the work in Criminal Tribes Settlements, is not definitely outside the scope of the Convention as accepted by the Government of India. No action is therefore called for on the part of this Government in respect of any local enactment.

3. Section VIII of Bengal Regulation XI of 1806, however, is in force in these provinces. From Mr. Gwynne's letter no. F. 187/2/30-Public, dated February 2, 1932, it appears that the Government of India, in deference to the wishes of the Indian Legislature, desire to repeal this section, and ask for this Government's views on the proposal. In the past the United Provinces Government have always pressed for the retention of this section, but the Governor in Council has re-examined the question, and is now in favour of its repeal. It is never required in normal times. Even in present conditions, there has been no occasion to use it. And if such occasion ever did arise, the Governor in Council would prefer to take power by a temporary ordinance to meet the temporary emergency, than rely on a regulation which is now a century and a quarter old. He is, moreover, convinced that should the time ever come to exercise this power, action taken under such an emergency ordinance would prove less unpopular than action taken under this antiquated regulation.

LETTER FROM THE GOVERNMENT OF THE PUNJAB, FINANCE DEPARTMENT, NO. 4082-I. & L., DATED THE 11TH FEBRUARY 1933.

I am directed by the Governor in Council to reply to Mr. Gwynne's letter no. F. 187/2/30-Public, dated the 3rd November 1931, on the subject of the Draft Convention and Recommendations concerning Forced or Compulsory Labour. The Government of India have made two requests of the local Government :—

- (i) that suitable steps might be taken to abolish at the earliest possible opportunity forced or compulsory labour for the benefit of private individuals, companies or associations; and
- (ii) that enactments of the local legislature which permit the use of forced or compulsory labour for public purposes might be modified within the transitional period of five years with a view to the total abolition of such labour as soon as possible.

The object of these two requests was to give effect to the Draft Convention Concerning Forced or Compulsory Labour adopted by the Fourteenth Session of the International Labour Conference.

2. The first kind of 'forced' labour, *i.e.*, labour for the benefit of private individuals, companies or associations, is commonly known as Begar. Begar has no official existence in this province, and the Governor in Council considers that no action is called for in this respect, except to undertake to deal effectively with any isolated instances of the exaction of Begar which may come to his notice.

3. The second kind of 'forced' labour, *i.e.*, labour for public purposes, does exist, at any rate in theory, and has legal sanction.

4. 'Forced' labour is defined in Article 2 of the Convention as "all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily". The Convention goes on to explain what is not "forced" or "compulsory" labour, and the question which the Governor in Council has set himself to determine is whether any of the forms of 'forced' labour which exist under

legal sanction in the Punjab is covered by the exemptions detailed in sub-clauses (a) to (e) of Article 2 of the Convention. He has surveyed every instance of anything which could conceivably be described as "forced" labour. The best known instance is to be found in the provisions of Part VIII of the Northern India Canal and Drainage Act, 1873, which authorises conscription of labour in certain circumstances. The matter was the subject of a debate in the Punjab Legislative Council in November 1932, and the contention then put forward by Government that the provisions of sections 63 to 66 of the Act were to all intents and purposes a dead letter was not seriously challenged. In any case, however, the Governor in Council is inclined to hold that it is not stretching the meaning of exemption (d) too far to hold that forced labour under the Canal and Drainage Act is covered by that exemption. Section 65 of the Act provides that labour can be conscripted only when some work is immediately to be executed in order to prevent such serious damage happening to any canal or drainage work as may cause sudden and extensive public injury. In paragraph 3 of the letter under reply, the Punjab Minor Canals Act, Act III of 1905, is mentioned as an enactment legalising forced labour. Presumably the reference is to section 26 of the Act, under which the local Government may direct the supply of labour by irrigators. There is no question, however, of "forced" labour. The obligation on irrigators is to furnish labour free of cost, i.e., there is no obligation on any particular person to labour himself, and in any case the obligation is confined to estates where the record of rights or established custom provides for the supply of such labour.

5. The next instances of what might possibly be called "forced" labour are provided by the Village Patrol (Punjab) Act VIII of 1918, and the Frontier Crimes Regulation Act III of 1901. The Village Patrol (Punjab) Act provides for compulsory watch and ward and section 35 of the Frontier Crimes Regulation Act legalises the Naubati Chaukidari system. The Governor in Council holds that this kind of labour, if indeed it can be properly described as "forced" at all, is covered by exemption (c) and it is not unreasonable to claim that the continued acquiescence of the elected representatives of the people in the existence of these Acts sufficiently satisfies the concluding part of that exemption which requires that 'members of the community or their direct representatives shall have the right to be consulted in regard to the need for such services'.

6. Closely allied to these obligations to perform watch and ward, and arising in the same way out of the immemorial custom of requiring the inhabitants of a village to join in the pursuit and detection of offenders, are such forms of compulsory service as the "chiga", which is the old English "hue and cry" and is legalised by the Punjab Laws Act, and the obligation to provide men for the guarding of railway lines on certain occasions. These obligations are, to some extent at any rate, covered by exemption (c), in that they are always taken through the headman of a village. As much the same sort of obligation is legally imposed on all citizens by the provisions of Chapter IV of the Code of Criminal Procedure, the Governor in Council does not suppose that the Government of India consider that services of this sort can properly be classed as 'forced' labour.

7. Sub-clause (c) of Article 2 of the Convention exempts work or service exacted from any person as a consequence of a conviction in a court of law, provided that the said work or service is carried out under the supervision and control of a public authority and that the said person is not hired to or placed at the disposal of private individuals, companies or associations. The Governor in Council admits the existence of two Punjab Acts which, with their rules, appear to offend against the principle underlying this exemption. They are the Punjab Criminal Tribes Act VI of 1924 and the Good Conduct Prisoners' Probational Release Act, 1926. The rules under both these Acts recognize the hiring out of criminal tribesmen or of probationally released prisoners to work under private individuals. The Governor in Council does not deny that a system of this kind is open to abuse, but he asserts confidently that in practice it is not abused. He is confident that, however much the system may offend against the principles of the theorist, the practical man will acknowledge the highly beneficial results which these enactments have produced. He will, therefore, strongly oppose their repeal.

LETTER FROM THE GOVERNMENT OF BIHAR AND ORISSA, POLITICAL DEPARTMENT, NO. 342-P.R., DATED THE 30TH MAY 1932.

With reference to your letter no. F. 187/2/30-Public, dated the 2nd February 1932, I am directed to say that during the last two years organised obstruction to the providing of transport to Government officials in the mufassal has caused difficulty on several occasions. The local Government regard it as of paramount importance that they should not be hampered in their dealing with the civil disobedience movement at the present time. In the last resort, it is necessary in the present circumstances of India that Government officials should be empowered to requisition transport and it is most undesirable to leave it uncertain whether any particular occasion can be regarded as an "emergency" and so falling within the terms of exception (d) of Article 2 of the Draft Convention concerning Forced or Compulsory Labour. The Local Government are of opinion that if the legal basis for the requisition of transport was repealed, the local agitators would not be slow to take advantage of it. In their opinion the moment could not be more inopportune for giving effect to the suggested repeal, and they are strongly opposed to it at the present time.

LETTER FROM THE GOVERNMENT OF BIHAR AND ORISSA, POLITICAL DEPARTMENT, NO. 4607-P., DATED THE 6TH NOVEMBER 1932.

I am directed to refer to paragraph 4 of Mr. Gwynne's letter no. F. 187/2/30-Public, dated the 3rd November 1931, and to submit the following report on the examination of the various local enactments in force in this province which permit forced or compulsory labour.

2. In the Santal Parganas the village headmen are responsible under section 28 of Regulation III of 1872 and also under their *pattas* for keeping in repair, with the assistance of the *raiya*s, the village dykes, drains, tanks, village roads, and boundary marks; and they are liable to statutory fines

up to a limit of Rs. 50 for failure to carry out these duties. In the Damn-i-Koh (the aboriginal reserve of the Santal Parganas) the headmen are also bound by their *pattas* to keep the circuit bungalows in proper repair. Since the settlement ending in 1879 the provision regarding these duties has been a recognised part of the law of the district which is based on ascertained custom. The performance of these duties is for the benefit of the community. It is very seldom that any action has been taken under section 28 of the Regulation III of 1872 to compel compliance with these obligations: and even then it has been necessitated by the laziness of the headmen and not by wilful opposition. The people are in favour of the continuance in this system.

3. In the Kolhan Government Estate in the district of Singhbhum there is a somewhat similar system which is governed by clause 11 of the Mankis' *pattas* which runs as follows:—

"You shall, with the Mundas and *raiyats* of the villages of your *Pir*, keep in repair all tanks, embankments, works of irrigation, boundary pillars and village roads, and shall preserve the groves of trees and trees planted along the road side within your *Pir*".

Since the year 1916 a local cess has been imposed for the maintenance of roads, and the population has been relieved of the duty of repairing roads. The other duties still remain but they are purely village services. The local Government have issued orders to the effect that, where the obligation to maintain roads is included in the Munda's or Manki's *pattas*, it should not be enforced.

4. Similarly in Angul the Sarbarakars are bound by the terms of their agreement to keep in repair the village guest house, the school, *pan kothgarh*, public well, spring and reservoir reserved for drinking use.

Under section 69 (1) (b) of the Angul Laws Regulations (III of 1913) the Deputy Commissioner of Angul may require or authorise the Sub-divisional Officer to require any proprietor, farmer, rent collector, Sarbarakar, Sardar, *mutha malik*, or occupier of land to supply provision and labour at market rates for the use of troops and officers of Government marching in or through the district on public service, and any person failing to comply with this requisition is punishable with fine extending to Rs. 200. In this connection I am to refer to my letter no. 342-P.R., dated the 30th May 1932, and to say that in practice no hardship is caused by this section, and at the present time the local Government think it inopportune to take steps to have it repealed.

5. The maintenance of village schools, tanks, drains, etc., by petty repairs is not a matter of forced labour, but an obligation voluntarily accepted in their own interest by the village community. Where a work is too big and expensive for them to do it for themselves they approach Government for grants. These minor communal services, therefore, come within exception (e) to Article 2 of the Draft Convention.

LETTER FROM THE GOVERNMENT OF THE CENTRAL PROVINCES, REVENUE DEPARTMENT, NO. C-113/T-126/XII, DATED THE 23RD APRIL 1932.

I am directed by the Governor in Council to invite a reference to Joint Secretary's letter no. F.187/2/30-Public, dated the 3rd November 1931,

and to say that in order to give effect to the recommendations of the International Labour Conference the Local Government has amended rule 4 of the rules issued under section 204 of the Central Provinces Land Revenues Act (C. P. Act II of 1917). The rule required the holders of land in a *raiyatwari* village to assist the Forest Department in clearing a boundary line between their village and the Government forest. It has also been decided to introduce a Bill in the Legislative Council to amend section 53 of the said Act which contains a similar provision in respect of villages held in proprietary right.

LETTER FROM THE GOVERNMENT OF ASSAM, NO. IMMGN.-122/3825-G.J., DATED THE 20TH APRIL 1932.

I am directed to refer to Mr. Gwynne's letter no. 187/2/30-Public, dated the 3rd November 1931, and in reply to say that there are no enactments of the local Legislature in this province which will require modification in order to give effect to the Government of India's decision. Section 74 of the Assam Forest Regulation, VII of 1891, requires certain classes of persons to assist in extinguishing a fire in a forest, or in preventing a fire in the vicinity of a forest from spreading to the forest. Such labour however is excluded from the provisions of the Draft Convention by the terms of article 2 (d).

2. It will be possible to give effect to the Draft Convention and Recommendations, except with regard to the abolition of forced labour for portage within a period of five years. The Governor in Council sees little possibility of being able within that period to dispense entirely with such labour in the hill districts and frontier tracts of the province. In those areas where there are few if any roads and all transport must be by porters, the only alternative to compulsory labour for this purpose would be the maintenance of large and expensive transport corps which for a part of the year would be of little or no use. This would be a serious waste of public money which this province certainly cannot afford. The Government of Assam are prepared to regulate the employment of labour for this purpose in the manner suggested in article 18 of the Draft Convention, but they see little prospect of being able to go further than that on the expiry of the transitional period.

3. The Government of India have decided to give effect to the provisions of the Draft Convention, but there is one article to which the Governor in Council must take exception, viz., article 20, which prohibits collective punishment of a community by forced labour. In the hill districts and frontier tracts, inhabited largely by primitive peoples, the retention of the power to impose forced labour on a village or villages as a punishment is essential for the maintenance of peace and order. It has recently been resorted to in connection with the discovery of human sacrifice in the Sadiya Frontier Tract. It is in fact often the only effective punishment which can be imposed, and His Excellency in Council must press for a modification of the Government of India's decision to the extent that article 20 of the Draft Convention shall not apply to those areas.

LETTER FROM THE GOVERNMENT OF ASSAM, GENERAL AND JUDICIAL DEPARTMENT, NO. IMMGN.-122/3826-G.J., DATED THE 20TH APRIL 1932.

I am directed to refer to Mr. Gwynne's letter No. F. 187/2/30-Public, dated the 2nd February 1932, on the subject of the repeal of Bengal Regulation XI of 1806. In my letter no. Immgn.-122/3825-G. J., dated the 20th April 1932, the Government of India have been informed that it will be necessary to retain compulsory labour for portage in the hill districts and frontier tracts of this province. As, however, the supply of such labour in those areas is secured by executive orders, it need not affect the question of the repeal of Bengal Regulation XI of 1806. In the plains districts of this province no use is made of the Regulation in normal times. It is necessary however, that the Government should have power in times of emergency to requisition transport. The Governor in Council would therefore prefer that the Regulation should be amended so as to restrict its application to times of emergency. If, however, the Government of India would prefer to repeal the Regulation, the Governor in Council would agree on the understanding that in times of emergency power to requisition transport for public purposes would be given by ordinance or other special measures.

LETTER FROM THE CHIEF COMMISSIONER, DELHI, NO. 6372-HOME, DATED THE 17TH AUGUST 1932.

In reply to Mr. Whittaker's letter no. F. 187/2/30-Public, dated the 23rd July 1932, I have the honour to say that of the Acts mentioned in paragraph 3 of the Home Department letter no. F.-187/2/30-Public, dated 3rd November 1931, this administration is only concerned with the Northern India Canal and Drainage Act, 1873, and the Punjab Minor Canals Act, 1905. Irrigation in the Delhi Area is however under the Punjab (Western Jumna Canal) and the United Provinces (Eastern Jumna and Agra Canals), so that any action taken by these two Administrations will apply to the Delhi Province.

An enquiry was made from the Punjab Government as to the action being taken there, but up to date no reply has been received. For the reasons explained, however, there seems no need to delay a reply from Delhi.

LETTER FROM THE CHIEF COMMISSIONER, AJMER-MERWARA, NO. 2593-C./374-C.C./31, DATED THE 14TH AUGUST 1932.

With reference to letter no. F.-187/2/30-Public, dated the 23rd July 1932, from the Government of India, Home Department, I have the honour to say that the evil which the Draft Convention is intended to suppress does not exist in Ajmer-Merwara, and no action therefore appears to be called for.

A reply was not sent to letter no. F.-187/2/30-Public, dated the 3rd November 1931, from the Government of India in the Home Department, as it was sent to me only for information and such action as might be necessary.

LETTER FROM THE GOVERNMENT OF BENGAL, NO. 8265-Com., DATED THE 5TH AUGUST 1935.

I am directed to say that a further examination has disclosed two other classes of persons who are liable to forced labour. These are—

- (i) certain tenants in the hill areas of Darjeeling,
- (ii) all residents of the Chittagong Hill Tracts other than Government servants, shop-keepers living in bazars and school teachers.

2. Tenants in the Government estates in certain hill areas of the Darjeeling district are bound by the terms of their leases to provide labour on payment for transport of Government stores or goods of Government officers when on tour on duty. Free labour is also exacted in lieu of cess from the tenants in certain parts of these estates for the construction and repair of village roads. After a careful consideration of the conditions prevailing in the hill areas of the Darjeeling district, the local Government have come to the decision that these forms of compulsory labour on the part of the tenants cannot be dispensed with; but in order to ensure that compulsory labour is not employed for the transport of Government stores or goods of Government officers when on tour on duty when voluntary labour is available and to minimise the hardship of such compulsory labour the following instructions have been issued for the guidance of all officers concerned in the exaction of compulsory labour:—

- (a) Compulsory labour shall not be requisitioned if voluntary labour is forthcoming at the rates and on the conditions prevailing for such work in the locality.
- (b) Requisitions for labour shall be made through the mandal of the block from which the labour is required. The Deputy Commissioner shall maintain a list of officers entitled to make such requisitions.
- (c) Only adult males of an apparent age of not less than 18 and not more than 45 years may be called upon. School teachers are exempted.
- (d) Both the requisitioning officer and the mandal shall be responsible for seeing that the persons required to work are physically fit and are not suffering from any infectious or contagious disease.
- (e) Every person so employed shall, on completion of his task, be furnished by the officer employing him with a certificate indicating the period during which he has worked.
- (f) Every person so employed shall be paid promptly and in cash. The rates shall be fixed from time to time by the Deputy Commissioner and shall be not less than those prevailing for similar work in the locality.
- (g) The maximum load shall not exceed one maund.
- (h) Except in exceptional circumstances no person shall be required to proceed more than 24 miles from his home.

- (i) No person shall be employed, without his consent, for more than 4 days in any one month or 10 days in any year, including the days spent in returning to his home.
- (j) A normal day's journey shall not exceed 12 miles with load or 20 miles without load. If these distances are exceeded additional wages shall be paid at such rates as may be fixed by the Deputy Commissioner. Days spent in returning home shall be counted as working days for the purpose of payment of wages.
- (k) Not more than 25 per cent. of the resident able-bodied males may be taken at any one time from any block.
- (l) Any complaint that labour has been requisitioned in a manner contrary to these instructions shall be enquired into promptly by the Sub-divisional Officer.
- (m) A copy of these instructions shall be kept by every mandal. The Sub-divisional Officer will be responsible for seeing that they are observed."

3. Although for the purpose of this letter the local Government have assumed that the tenants of the Government estates in Darjeeling are liable to "forced labour" according to the definition of that term in the Convention, the matter is perhaps not free from doubt and the local Government would be glad to have the views of the Government of India on this point. And in this connection I am to invite the attention of the Government of India to the existence in this province of a system of service tenures, under which the holder of such a tenure is required to render free labour to his superior landlord, the labour consisting of service as the family barber, washerman, priest, etc. If it be held that the Darjeeling system involves "forced labour", the local Government see no escape from the conclusion that the system of service tenures also involves "forced labour" and falls within the mischief of the Convention. The abolition of "forced labour" by the holders of service tenures is of course outside the range of practical politics.

4. The system of compulsory labour is an immemorial custom in the Chittagong Hill Tracts. From time to time, Government have issued regulations to mitigate the hardships of compulsory labour but the total abolition of the system is not considered possible for administrative reasons. Previous to 1892, every Jhumia had to render free labour to the tribal chief or headman but in that year the liability of the Jhumia was restricted by law to four days in the year. In 1926 this system of *begar* or forced free labour was abolished and in lieu thereof a tax of Re. 1 per year per house or family payable to tribal chief was sanctioned by Government. The tribal chiefs were also authorised to exact labour on payment at rates prescribed by Government in 1930, plough-cultivators were also authorised to exact labour on payment at rates prescribed by Government. In 1930, plough-cultivators were brought under the same regulations as the Jhumias in respect of the supply of compulsory labour.

5. Such was the position in the Chittagong Hill Tracts when the Government of India asked the local Government to take steps to give effect to the

decision to abolish compulsory labour in British India. The Government of Bengal have considered most carefully the possibility of abolishing compulsory labour in the Chittagong Hill Tracts but in view of the conditions prevailing in this district where touring is very arduous and where hillmen are notoriously idle and cannot be induced to supply labour on a voluntary basis, they are of opinion that it is not practicable to abolish either the privilege now enjoyed by chiefs and headmen of requisitioning compulsory labour for personal services or the power of authorised Government servants to requisition compulsory labour for public purposes in accordance with the prescribed regulations.

The privilege now enjoyed by the chiefs and headmen has the sanction of tribal custom and as such, does not involve any humiliation. Nor is there any public opinion in the Hill Tracts against the custom. Its abolition would cause serious dislocation of social life and would undermine the authority of the chiefs and headmen. The abolition of the power to requisition labour for public purposes would render administration almost impossible.

6. In view of the peculiar conditions of the Chittagong Hill Tracts and in the circumstances explained above the Government of Bengal are of opinion that it is essential to maintain in the Chittagong Hill Tracts—

- (a) the right to requisition compulsory labour for public purposes, and
- (b) the right of a chief or headman to requisition compulsory labour for personal service in accordance with custom,

and that it is not possible at present to make any further progress in the direction contemplated by the Resolutions of the Indian Legislature of October, 1931.

A copy of the rules regulating compulsory labour in the Chittagong Hill Tracts as revised up-to-date is enclosed for the information of the Government of India.

NOTIFICATION.

Chittagong Hill-tracts.—No. 921T.R., 18th June 1934. In exercise of the power conferred by section 18 of the Chittagong Hill-tracts Regulation, 1900 (Regulation I of 1900), the Governor in Council is pleased to direct that the following amendments be made in the rules for the administration of the Chittagong Hill-tracts framed under notification No. 123-P. D., dated the 1st May 1900, as subsequently amended, namely:—

I. For sub-rule (9) of rule 42, substitute the following:—

"Every adult male joomia or plough-cultivator of an apparent age of not less than 18 and not more than 45 years is liable to render labour, in accordance with the regulations from time to time prescribed by Government on the requisition of the Deputy Commissioner or other gazetted officers of Government having jurisdiction in the Chittagong Hill-tracts, or of a Chief or a headman or of any other officer authorised by the Deputy Commissioner

and when so employed he shall receive wages at a rate prescribed from time to time by the Deputy Commissioner. The practice of *begar* or unpaid labour is abolished."

II. For rule 42A substitute the following :—

"All adult male residents of the Chittagong Hill-tracts, of an apparent age of not less than 18 and not more than 45 years other than Government servants, shop-keepers living in bazars, and school teachers, are liable to the obligations imposed on joomias and plough-cultivators under sub-rule (9) of rule 42 as far as they relate to requisitions by Government servants for labour."

III. Insert the following after rule 42A as rule 42B :—

"Regulations regarding compulsory labour.

(1) Labour may be requisitioned under sub-rule (9) of rule 42 or under rule 42A for the following purposes only :—

- (a) for transport of Government stores ;
- (b) for carrying baggage or camp equipment of a Government officer, Chief or headman when on tour on duty in the Chittagong Hill-tracts ;
- (c) for erecting shelters for the accommodation of Government officers when on tour on duty ;
- (d) for public works including making or maintaining roads, paths or bridges or clearing forest boundaries ; provided that if such work involves removal of the workers from their place of habitual residence, no requisition shall be made except under the orders of the Deputy Commissioner ;
- (e) for acting as boatmen for any of the purposes mentioned above.

(2) A chief or a headman authorised by the Deputy Commissioner may also require a joomia or plough-cultivator in his circle or mauza to perform personal service in accordance with custom for not more than 4 days in a year and for not more than 8 hours in a day.

(3) A requisition for labour shall be made in such manner as may be ordered by the Deputy Commissioner.

(4) Only adult males of an apparent age of not less than 18 and not more than 45 years may be called upon to render labour.

(5) The requisition shall be sent to the headman of the mauza from which the labour is required and the headman and the person requisitioning their services shall be responsible for seeing that the workers are physically fit and not suffering from any infectious or contagious disease.

(6) Every person so employed shall be furnished by the person employing him with a certificate indicating the period of the labour performed by him.

(7) The maximum load to be carried shall not exceed one maund.

(8) Every person so employed shall be paid in cash at such rates as may be fixed from time to time by the Deputy Commissioner and shall not be less than those payable for similar work in the locality.

(9) No person employed on transport work shall be required normally to proceed more than 36 miles from his home.

(10) No person shall be taken for transport work for more than 6 days in any one month or more than 12 days in a year.

(11) A normal day's work for a boatman as well as an ordinary labourer shall be 8 hours.

(12) A normal day's journey shall not exceed 12 miles with load or 20 miles without load. If a greater distance is travelled payment shall be made for overtime work at such rates as may be fixed by the Deputy Commissioner. Days spent for returning home shall be counted as working days for the purpose of the payment of wages. The wages shall be paid to each worker individually and not to anyone else.

(13) Not more than 25 per cent. of the adult able-bodied males may be taken away at one time from any mauza or any portion of a mauza which may be specified by the Deputy Commissioner for the purpose.

(14) Any person who has been required to work may make a complaint to a gazetted officer, the Chief or the headman with regard to the conditions of his service and such complaint shall be reduced to writing and forwarded to the Deputy Commissioner.

(15) A copy of the rules regarding compulsory labour shall be kept by every headman and the Deputy Commissioner and Sub-divisional Officers shall be responsible for seeing that the rules are observed."

O. M. MARTIN,

Secretary to the Government of Bengal.

LETTER TO THE GOVERNMENT OF MADRAS, NO. F. 187/2/30-PUBLIC, DATED THE 14TH JANUARY 1936.

I am directed to refer to the correspondence ending with your letter no. 2011-L., dated the 24th September 1932 (Serial no. 39), and to say that the Government of India agree that no amendment of the Madras Forest Act, 1882 or the Madras Compulsory Labour Act, 1858 is necessary in order to comply with the Regulations of the Indian Legislature. They also agree that the forms of labour in existence in the Agency tracts do not come fully within the definition of "forced or compulsory labour", and note with satisfaction the instruction issued in respect of them.

LETTER TO THE GOVERNMENT OF BOMBAY, NO. F. 187/2/30-PUBLIC, DATED THE 14TH JANUARY 1936.

I am directed to invite a reference to the correspondence ending with your letter no. 8245-D., dated the 25th April 1932 (Serial no. 40), and to say that the

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Government of India agree with the views of the Government of Bombay expressed therein except in regard to the existing system of impressment of carts to carry the baggage of Government officers when on tour.

The Government of Bombay remark that the system is regulated by instructions which comply with the requirements of Article 9 of the Convention, and that abuses of the system have practically ceased to exist.

The Government of India do not question the latter part of this justification of the system; but as regards the former, must observe that they are pledged to abolish such a form of labour as soon as may be practicable and they cannot therefore contemplate an indefinite acquiescence in it. Further, it appears to the Government of India that if, as seems to be the case, the arrangement has no statutory basis, the need for terminating it at an early date is the more pressing. Again Article 9 is not the only Article which applies; for instance, Article 18 has an important bearing on the arrangement.

I am, therefore, to request that the Government of Bombay will consider whether this system cannot be terminated. If the decision is that it cannot, I am to request that the practice of it may be regulated in the manner required by Article 18: the instructions issued by the Government of Bombay no doubt comply with some of those requirements, but it seems necessary in particular to define precisely the classes of officers entitled to demand the impressment of carts, and the area within which and the circumstances in which the demand may be made. The Government of Bombay will no doubt restrict permission to the narrowest possible limits.

LETTER TO THE GOVERNMENT OF BENGAL, NO. F. 187/2/30, DATED THE 14TH JANUARY 1936.

I am directed to refer to the following letters of the Bengal Government:—no. 1503-P. D., dated 1st October 1932 (Serial no. 41), no. 5930-Com., dated 21st November 1933 (Serial no. 42), and no. 8265-Com., dated 5th August 1935 (Serial no. 54).

1. *Bengal Regulation XI of 1806.*—The Government of India observe that the Governor in Council has no objection to the repeal of section 8 of this Regulation. While welcoming this attitude, the Government of India have decided not to undertake legislation either to amend the section so as to restrict its application to public officers or to repeal it altogether.

They would, however, be glad if the Government of Bengal would, in order to comply with the provisions of Article 4 of the Convention, issue executive instructions to the effect that the use of the section for the benefit of private individuals should be entirely discontinued.

As regards the impressment of transport and supplies for public servants, the Government of India are pledged to abolish this form of forced labour, also as soon as may be practicable; and though for the present its continuance, if regulated in the manner provided in the relevant Articles of the Convention (e.g., Articles 9 and 18), would not be opposed to the Convention, they would welcome the issue of instructions by the Governor in Council for its discontinuance.

2. *Labour required from tenants in the hill areas of Darjeeling.*—The Government of India note with pleasure the instructions issued by the local Government to regulate the employment of this type of labour, which instructions are certainly in furtherance of the spirit of the Convention. But so far as the Government of India are able to understand the conditions described, they are inclined to the view that the labour so required can scarcely be described as being labour which is "exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily", since it is performed in fulfilment of a contract which may be presumed to have been undertaken voluntarily.

3. *Labour required from residents of the Chittagong Hill tracts.*—As described in the letter of the local Government, this appears to fall within the definition of forced or compulsory labour, and the desideratum is therefore to abolish it altogether or, so long as this is not possible, to bring it within the conditions of the Convention. The labour is of two types, (a) that exacted for public purposes, and (b) that exacted by chiefs or headmen for personal service in accordance with custom. The Government of India note the rules issued for the regulation of the former, which comply with the conditions of the Convention; and in this regard must express the hope, being pledged to the abolition of all forced labour as soon as may be practicable, that the local Government will bear in mind the necessity to work up to the ideal of voluntary labour for an adequate wage as soon as possible. The latter type of service, according to the local Government, has the sanction of tribal custom and involves no humiliation, and its abolition would undermine the authority of the chiefs and headmen. The chiefs and headmen presumably fall within the scope of Article 7 of the Convention and exercise administrative functions. Here again the Government of India note the rules issued for the regulation of this type of labour, and desire to reiterate the hope expressed above.

LETTER TO THE GOVERNMENT OF THE UNITED PROVINCES, NO. F. 187/2/30, DATED THE 14TH JANUARY 1936.

I am directed to refer to the correspondence ending with your letter no. 303-Industries Department, dated 24th February 1932 (Serial no. 43). The Government of India observe that the Governor in Council is in favour of the repeal of section 8 of Bengal Regulation XI of 1806. The Government of India, while welcoming this attitude, have decided not to undertake legislation either to amend the section so as to restrict its application to public officers or to repeal it altogether. They would, however, be glad if the Government of the United Provinces would, in order to comply with the provisions of Article 4 of the Convention, issue executive instructions to the effect that the use of the section for the benefit of private individuals should be entirely discontinued. As regards the impressment of transport and supplies for public servants, the Government of India are pledged to abolish this form of forced labour also as soon as may be practicable; and though for the present its continuance, if regulated in the manner provided in the relevant Articles

of the Convention (e.g., Articles 9 and 18), would not be opposed to the Convention, they would welcome the issue of instructions by the Governor in Council for its discontinuance.

2. The Government of India presume that the Government of the United Provinces have examined other enactments with which they are concerned and are satisfied that forced or compulsory labour employed under them falls under one or other of the exceptions in Article 2 of the Convention. I am, however, to refer to the last paragraph of section 65 of the Northern India Canal and Drainage Act, 1873, which permits the local Government to direct that the provisions of Part VIII of the Act shall apply to any district or part of a district for the purpose of effecting necessary annual silt clearances or to prevent the proper operation of a canal or drainage work being stopped or so much interfered with as to stop the established course of irrigation or drainage. As the labour exacted for these purposes does not come under any of the exceptions in Article 2 of the Convention, its retention is not permissible and it would be desirable to repeal this portion of the section. Before proceeding further, the Government of India will be glad to be informed whether the powers conferred by the paragraph referred to are ever used and whether its repeal will give rise to any difficulty.

LETTER TO THE GOVERNMENT OF THE PUNJAB, NO. F. 187/2/30-PUBLIC, DATED THE 14TH JANUARY 1936.

I am directed to refer to the correspondence ending with your letter no. 4082-I. & L., dated the 11th February 1933 (Serial no. 44), and to say that the Government of India agree with the Government of the Punjab that no action is called for in respect of the abolition of the various forms of forced labour obtaining in the province except as stated below—

The Northern India Canal and Drainage Act, 1873.—In their reference to section 65 of this Act the local Government mention only the emergency provisions contained in it. The last paragraph of the section, however, permits the local Government to direct that the provisions of Part VIII of the Act shall apply to any district or part of a district for the purpose of effecting necessary annual silt clearances or to prevent the proper operation of a canal or drainage work being stopped or so much interfered with as to stop the established course of irrigation or drainage. As the labour exacted for these purposes does not fall within any of the exceptions in article 2 of the convention, its retention is not permissible and it would be desirable to repeal this portion of the section. Before proceeding further the Government of India will be glad to be informed whether the powers conferred by the paragraph are ever used and whether its repeal will give rise to any difficulty.

2. With reference to paragraph 7 of the letter under reply, I am to observe that the Criminal Tribes Act, 1924, and Good Conduct Prisoners' Probationary Release Act, 1926, are expressly excepted in the resolutions adopted by the Legislative Assembly and the Council of State in 1931 and no action is therefore called for in respect of the labour enforced under those Acts.

LETTER TO THE GOVERNMENT OF BIHAR AND ORISSA, NO. F. 187/2/30-PUB., DATED THE 14TH JANUARY 1936.

I am directed to refer to the correspondence ending with your letters no. 342-P.R., dated the 30th May 1932 (Serial no. 47) and no. 4607-P., dated 6th November 1932 (Serial no. 48). The Government of India observe that the local Government are strongly opposed to the repeal of section of 8 of Bengal Regulation XI of 1806. The local Government make no exception as regards those portions of the section which provide facilities for the benefit of private persons: the Government of India presume, however, that the local Government would have no objection to the discontinuance of those facilities, and that their opposition is only to the abolition of facilities for Government servants.

2. The view of the Government of Bihar and Orissa is not shared by the Governments of Bengal, the United Provinces and Assam. The two first named have no objection to the total repeal of the section, and the Government of Assam, while preferring its amendment so as to restrict its application to Government purposes and to times of emergency, agree to its repeal on the understanding that in times of emergency power to requisition transport for public purposes would be given by special measures.

3. The Government of India have decided not to undertake legislation either to amend the section so as to restrict its application to public officers or to repeal it altogether. It is, however, necessary, in order to comply with Article 4 of the Convention, that the use of the section for the benefit of private individuals should be discontinued: and, as regards the impressment of transport and supplies for public servants, the Government of India are pledged to abolish this form of forced labour as soon as may be practicable and cannot therefore contemplate an indefinite acquiescence in it. For these ends the Government of India consider it desirable that local Governments should take action by the issue of executive instructions. If, as regards public servants, the Government of Bihar and Orissa are not prepared to abolish the use of the section altogether, the instructions should be so framed as to comply with the relevant Articles of the Convention, for instance Article 9 and Article 18; and I am to suggest in particular the necessity for defining precisely the classes of officers entitled to make requisitions and the circumstances in which they may be made, and to state the hope that the local Government will restrict permission to the narrowest possible limits.

4. As regards the forms of labour mentioned in your second letter quoted above, I am to say that the Government of India agree with the views expressed therein, except in regard to section 69 (1) (b) of the Angul Laws Regulation (III of 1913). I am to request that in this regard action may be taken on the lines suggested in the preceding paragraph.

LETTER TO THE GOVERNMENT OF THE CENTRAL PROVINCES, NO. F. 187/2/30-PUBLIC, DATED THE 14TH JANUARY 1936.

I am directed to invite a reference to the correspondence ending with your letter no. C.-113-T.-126/XII, dated the 23rd April 1932 (Serial no. 49).

2. No mention is made of the Northern India Canal and Drainage Act, 1873, which applies to the Central Provinces as well as to other Provinces. It will be observed that the last paragraph of section 65 of the Act permits the local Government to direct that the provisions of Part VIII of the Act shall apply to any district or part of a district for the purpose of effecting necessary annual silt clearances or to prevent the proper operation of a canal or drainage—work being stopped or so much interfered with as to stop the established course of irrigation or drainage. As the labour exacted for these purposes does not fall within any of the exceptions in Article 2 of the Convention, its retention is not permissible, and it would be desirable to repeal this portion of the section. Before proceeding further the Government of India will be glad to be informed whether the powers conferred by the paragraph are ever used and whether its repeal will give rise to any difficulty.

LETTER TO THE GOVERNMENT OF ASSAM, NO. F. 187/2/30-PUBLIC, DATED THE 14TH JANUARY 1936.

I am directed to refer to the correspondence ending with your letters nos. Immgn.-122-3825 and 3826-G.J., dated 20th April 1932 (Serial no. 51).

The Government of India observe that in the plains districts of the Province no use is made of section 8 of Bengal Regulation XI of 1806 in normal times; and that, though the local Government would prefer the amendment of the section so as to restrict its application to times of emergency, they would agree to repeal on the understanding that in times of emergency power of requisition would be given by special measures.

2. The Government of India presume that so far as the section grants facilities for the benefits of private persons (and is thus incompatible with Article 4 of the Convention) the local Government do not in any case desire its continuance.

3. The Government of India have decided not to undertake legislation either to amend the section so as to restrict its application to public officers or to repeal it altogether. They would, however, be glad if the Government of Assam would, in order to comply with Article 4 of the Convention, issue executive instructions to the effect that the section should never be employed for the benefit of private individuals. As regards the impressment of transport and supplies for public servants, the Government of India are pledged to abolish this form of forced labour also as soon as may be practicable: and though for the present its continuance, if regulated in the manner prescribed in the relevant Articles of the Convention (e.g., Articles 9 and 18) would not be opposed to the Convention, they would welcome the issue of instructions by the Governor in Council for its discontinuance in the plains districts of the Province. As regards portage in the hill districts and frontier tracts of the Province, the Government of India would be glad if the local Government would, as suggested by them, regulate it in accordance with the relevant Articles of the Convention.

4. As regards collective punishment of a community by forced labour in the hill districts and frontier tracts, the Government of India accept the views of

the local Government but would wish them to bear in mind the obligation to discontinue the practice as soon as may be possible and to aim at imposing, whenever possible, other forms of punishment in lieu of this.

LETTER TO THE GOVERNMENT OF THE NORTH-WEST FRONTIER PROVINCE, NO. F. 187/2/30-PUBLIC, DATED THE 14TH JANUARY 1936.

I am directed to refer to the correspondence ending with the local Government's letter no. 3638-G./XXVI-B./50, dated the 15th March 1932, and to say that the Government of India agree that no action is called for in respect of the abolition of labour exacted under section 36 of the Hazara Forest Regulation, 1911, and sections 26 and 27 of the Punjab Minor Canals Act. As regards the other Acts and Regulations mentioned in the letter under reference which permit the employment of forced labour, I am to communicate the views of the Government of India as follows:—

(i) *Section 65 of the Northern India Canal and Drainage Act, 1873.*—The last paragraph of this section permits the local Government to direct that the provisions of Part VIII of the Act shall apply to any district or part of a district for the purpose of effecting necessary annual silt clearances or to prevent the proper operation of a canal or drainage-work being stopped or so much interfered with as to stop the established course of irrigation or drainage. As the labour exacted for these purposes does not fall within any of the exceptions in Article 2 of the Convention, its retention is not permissible and it would be desirable to repeal this portion of the section. No specific reference has, however, been made to that paragraph in the letter under reference, and before proceeding further the Government of India will be glad to be informed whether the powers conferred by the paragraph are ever used and whether its repeal will give rise to any difficulty.

(ii) *Section 35 of the Frontier Crimes Regulations, 1901.*—The Government of India understand that in the settlement record in all the districts of the Frontier Province there is an entry relating to the services of Naubati Chauki and that these services are acknowledged as part of the normal services of the village community which the land owners and their tenants with certain exceptions are expected to perform. It is also understood that the village community is consulted on each settlement in the matter of their customs as embodied in the record. If the facts are as stated, it might be held that the members of the community have fully and freely acknowledged the necessity for the services of Naubati Chauki, and that the system comes within exception (e) in Article 2 of the Convention. Possibly it might also be held to fall under exception (d) in the same Article, since it is more or less a system of self-help in village watch and ward which is absolutely essential in the villages along the border exposed to raids which endanger the well-being of the whole or part of the population. In the circumstances, the Government of India consider that no amendment of section 35 of the Frontier Crimes Regulation as suggested is necessary.

LETTER FROM THE GOVERNMENT OF THE CENTRAL PROVINCES, NO. 41-A.I., DATED THE 5TH FEBRUARY 1936.

With reference to the Government of India, Home Department letter no. F. 187/2/30-Public, dated the 14th February 1936, I am directed by the Governor-in-Council to state that the Northern India Canal and Drainage Act, 1873, has been repealed in its application to the Central Provinces, and the Central Provinces Irrigation Act, 1931, is in force in its place with effect from the 15th March 1932. Section 36 of the latter Act relates to the power to impress labour in an emergency, but the labour exacted under this section falls within exception (d) of the exceptions in Article 2 of the Convention.

Repeal of any of the provisions of the Northern India Canal and Drainage Act will not give rise to any difficulty in this province.

LETTER FROM THE GOVERNMENT, N. W. F. PROVINCE, NO. 7022-G./XXVI-B.-50, DATED THE 8TH APRIL 1936.

I am directed to refer to the correspondence ending with your letter no. F. 187/2/30-Public, dated the 14th January 1936 and to say that as regards Section 65 of the Northern India Canal and Drainage Act, the provision in question is never used and its repeal, if this is considered essential, will give rise to no difficulty.

2. The Governor in Council observes that the Government of India are of opinion that no alteration in Section 35, Frontier Crimes Regulations is required.

LETTER FROM THE GOVERNMENT, PUNJAB, NO. 203-I. & L.-36/15648, DATED THE 2ND MAY 1936.

With reference to Mr. Thorne's letter no. F. 187/2/30-Public, dated the 14th January 1936, I am directed to state that the Governor in Council agrees with the Government of India that the last paragraph of section 65 of the Northern India Canal and Drainage Act, 1873, is inconsistent with the recommendations of the International Labour Conference, 1930, and as the powers conferred by the paragraph are not used, there is no objection to the proposal to repeal it.

LETTER FROM THE GOVERNMENT OF ASSAM, NO. IMMGN.-286/4214-G. J., DATED THE 29TH JULY 1936.

I am directed to say that after careful consideration of the present position of the impressment of transport and supplies, the Government of Assam have issued instructions to the district officers in the plains districts to the effect that the power given to the Police by section 8 of Regulation XI of 1806 should not be used for the benefit of private individuals. As for the impressment of transport and supplies for public servants travelling on duty, the Governor in Council has directed that no use should be made in the plains district of the powers given by section 8 of Regulation XI of 1806 except in cases of emergency when other methods for securing facilities for touring are not possible.

2. I am to add that Government have also decided to issue regulations controlling the practice of portage in the hills in the manner suggested in Articles 9 and 18 of the Draft Convention adopted by the International Labour Conference. District officers have been consulted as to the exact nature of these regulations but all replies have not yet been received. (A further communication on the subject will be made to the Government of India in due course with reference to Mr. Thorne's letter no. 347/35/-Public, dated the 8th June 1936.)

LETTER FROM THE GOVERNMENT OF BENGAL, POLITICAL DEPARTMENT, NO. 11943-P., DATED THE 31ST JULY 1936.

I am directed to state, for the information of the Government of India, that the instructions contained in Home Department letter no. F. 187/2/30-Public, dated the 14th January 1936, have been conveyed to the local officers for their information and guidance.

LETTER FROM THE GOVERNMENT OF THE UNITED PROVINCES, NO. 2677, DATED THE 19TH AUGUST, 1936.

I am directed to say that the powers conferred by the last para. of section 65 of the Northern India Canal and Drainage Act, 1873, have not been used in recent times in the United Provinces. There is therefore no objection to the repeal of that paragraph.

2. As regards the issue of executive instructions to the effect that section 8 of the Bengal Regulation XI of 1806 should not be used, I am to point out that the section is actually not in use and has been for many years past a dead letter. It does not therefore seem advisable to issue instructions on the subject. The only effect of the issue of such instructions would be to invite attention to the section and revive a knowledge of its existence. Under the circumstances it is not proposed to take any action.

LETTER FROM THE GOVERNMENT OF BIHAR, NO. 2437-P. R., DATED THE 19TH AUGUST 1936.

With reference to Mr. Bakhle's letter no. F. 187/2/30-Public, dated the 23rd July 1936, I am directed to forward for the information of the Government of India a copy of my letter no. 3777-P., dated the 29th March 1936, for the guidance of the officers serving under the Government of Bihar.

LETTER FROM THE CHIEF SECRETARY TO THE GOVERNMENT, BIHAR AND ORISSA, NO. 3777-P., DATED THE 29TH MARCH 1936, TO THE SECRETARY TO THE BOARD OF REVENUE, BIHAR AND ORISSA.

I am directed to say that the Government of India have now decided not to repeal section 8 of Bengal Regulation XI of 1806.

2. The Government of India, however, have asked the local Government to limit the operation of both section 8 of Bengal Regulation II of 1806 and section 69 (1) (b) of the Angul Laws Regulation (III of 1913) by executive instructions so as to comply with Article 4 and, so far as public servants are concerned, with Articles 9 and 18 of the "Draft Convention concerning Forced or Compulsory Labour adopted by the International Conference at its fourteenth session, 10-28 June 1930". In particular, the Government of India stress the importance of defining the classes of officers entitled to make requisitions and the circumstances in which they may be made.

3. The local Government have accordingly been pleased [in continuation of Mr. Briscoe's letter no. 1388-92-P., dated the 8th February 1922 (copy enclosed)] to lay down the following rules for the guidance of officers serving under the local Government who requisition transport or supplies:—

- (a) Only Government servants travelling on public business may requisition transport or supplies.
- (b) The right to requisition transport or supplies is limited to Government servants engaged in general administration, excise or police duties, or travelling in connection with medical relief, surveys, forest administration, public works, posts and telegraphs, education, agriculture or co-operative credit.
- (c) Such Government servants may not requisition transport or supplies under the regulation unless it is impossible for them to obtain transport or supplies otherwise.
- (d) When a requisition is made for transport the requisitioning officer must satisfy himself that coolies or drivers are physically fit for the work and that the loads carried and the distances travelled are not greater than what is recognised as normal in that area. They should not be kept away from their homes for longer than is necessary.

LETTER TO THE GOVERNMENT OF THE UNITED PROVINCES, INDUSTRIES DEPARTMENT, GOVERNMENT OF THE PUNJAB, I. & L. DEPARTMENT, CHIEF SECRETARY, GOVERNMENT OF THE CENTRAL PROVINCES, AND THE CHIEF SECRETARY TO THE GOVERNMENT OF THE NORTH WEST FRONTIER PROVINCE, NO. F. 187/2/30-PUBLIC, DATED THE 9TH FEBRUARY 1937.

I am directed to say that the Government of India have decided to take steps for the repeal of the last para. of section 65 of the Northern India Canal and Drainage Act, 1873, when the Act next comes under revision. An opportunity may not arise for some time; and in the meanwhile I am to request that, with the permission of the Governor in Council, executive instructions may be issued, prohibiting the action permitted under the para. from being resorted to.

[2. The Government of India agree that for the reason given by the local Government no instructions need be issued with regard to Section 8 of the Bengal Regulation XI of 1806.]

[To U. P. only.]

SECTION II.

CORRESPONDENCE RELATING TO THE MAINTENANCE OF WORKERS EMPLOYED ON FORCED LABOUR AND OF THEIR DEPENDENTS IN THE EVENT OF ACCIDENT OR ILLNESS ARISING OUT OF SUCH EMPLOYMENT.

LETTER TO THE CHIEF SECRETARY TO THE GOVERNMENT OF BOMBAY, POLITICAL DEPARTMENT, THE SECRETARY TO THE GOVERNMENT OF BENGAL, FINANCE, COMMERCE AND MARINE DEPARTMENTS, THE SECRETARY TO THE GOVERNMENT OF THE UNITED PROVINCES, INDUSTRIES DEPARTMENT, THE CHIEF SECRETARY TO THE GOVERNMENT OF BIHAR, POLITICAL DEPARTMENT, THE CHIEF SECRETARY TO THE GOVERNMENT OF ASSAM, NO. F. 347/35-PUBLIC, DATED THE 8TH JUNE 1936.

I am directed to invite a reference to the correspondence ending with the Home Department letter no. F. 187/2/30-Public, dated the 14th January 1936, in which the Government of India have expressed the view that

*the impressment of carts to carry the baggage of Government officers when on tour
†the impressment of transport and supplies for public servants and the labour requisitioned in the Chittagong Hill Tracts

‡the impressment of transport and supplies for public servants
§the impressment of transport and supplies for public servants and the labour exacted under section 69 (1) (b) of the Angul Laws Regulation (III of 1913)

||the labour exacted for portage in the hill districts and frontier tracts of the Province
is excluded from the exceptions given in Article 2 of the Convention relating to Forced or Compulsory Labour and is as such to be abolished as soon as may be practicable, and suggested the desirability of regulating where this has not already been done, this kind of labour in accordance with the provisions of Articles 9 and 18 of the Convention pending its total abolition.

*To Bombay only.

§To Bihar only.

†To Bengal only.

||To Assam only.

‡To United Provinces only.

2. There still remains the question of the fulfilment of the requirements of Article 15 of the Convention in respect of the use of such labour. This Article states as its first requirement that persons from whom forced or compulsory labour is exacted should get the benefit of any Indian laws or regulations relating to workmen's compensation for accidents or sickness and providing compensation for the dependents of deceased or incapacitated workers. The only Indian law relating to the subject is the Workmen's Compensation Act. Under this Act compensation is payable in respect of personal injuries caused by accident arising out of and in the course of employment, and also in respect of occupational diseases (mentioned in Schedule III to the Act) and for any disease which is directly attributable to a specific injury by accident arising out of and in the course of employment. The scales of compensation (*vide* Schedule IV to the Act) are so prescribed as to make the amount of compensation vary with the wages of the workmen.

The Workmen's Compensation Act does not in its existing form apply to the forms of "forced or compulsory labour" with which the Government of India are concerned and the Government of India do not see any reason to amend it so as to make it applicable to forms of labour for which it was never intended. They considered that the requirements of Article 15 of the Convention would be adequately fulfilled by the issue of executive instructions on the lines *mutatis mutandis* of the relevant provisions of the said Act. That is to say, personal injury by accident and sickness arising out of the employment of "forced or compulsory" labourers may be dealt with as if the Workmen's Compensation Act had applied to them, sickness being treated as an occupational disease. The calculation of the amount of compensation should not present any difficulty as forced labour will be paid for in accordance with the requirements of Article 14. It is not, however, necessary to import in any scheme of compensation which is to be enforced by executive instructions the restriction mentioned in proviso (a) to section 3 (1) of the Act, the provisions relating to notice and claim (section 10) and medical examination (section 11). These provisions are intended to safeguard alike the rights of the employer and the workmen and disputes arising out of their application are matters for judicial decision, subject to a right of appeal to the High Court. As for the most part of the persons from whom the labour is exacted will be ignorant and the officers who will administer the scheme of compensation will not be conversant with the law relating to workmen's compensation it is necessary that the scheme should be as simple as possible and aim at making spontaneous and expeditious awards.

3. I am accordingly to request that pending the total abolition of forced labour executive instructions on the lines indicated above may be issued with the permission of the Governor in Council, to secure the fulfilment of the Article. The question of making a statutory provision for compensation in the Acts under which such labour is employed might be considered when the Acts are next under revision. I am also to request that a report of the action taken by the local Government in this respect may be submitted to the Government of India by the end of this year.

Copy forwarded to the Government of the

Punjab
Central Provinces
North-West Frontier Province

for information with reference to the correspondence ending with the Home Department letter no. F. 187/2/30-Public, dated the 14th January 1936.

LETTER FROM THE GOVERNMENT OF BOMBAY, REVENUE DEPARTMENT,
NO. 8482-E./28, DATED THE 5TH AUGUST 1936.

I am directed by the Governor in Council to state that as it has been decided to abolish the system of impressment of carts in this Presidency no executive instructions to subordinate officers are necessary. I am further directed to state that the public are being informed of the decision of Government by means of a Press note.

LETTER FROM THE GOVERNMENT OF THE UNITED PROVINCES, NO. 2072, DATED
THE 13TH NOVEMBER 1936.

I am directed to forward, for the information of the Government of India, a copy of a circular letter no. 2072/XVIII-611-1931, dated October 16, 1936, issued by this Government to all heads of departments, etc.

LETTER FROM THE SECRETARY TO GOVERNMENT, UNITED PROVINCES,
TO ALL HEADS OF DEPARTMENTS, ETC., AND COMMISSIONERS OF DIVISIONS AND DISTRICT OFFICERS AND DISTRICT AND SESSIONS JUDGES,
UNITED PROVINCES, NO. 2072/XVIII-611-1931, DATED THE 16TH OCTOBER 1936.

I am directed to say that in order to fulfil the requirements of article 15 of the Convention relating to the use of Compulsory or forced labour adopted by the international Labour Conference the following instructions should be complied with in regard to the payment of compensation to workers (if any) who are forced to do compulsory labour or to their dependants, as the case may be, in the event of accident, permanent disablement, illness or death arising from such employment.

INSTRUCTIONS.

1. Workers who are forced to do compulsory labour, or their dependants as the case may be, will be paid the compensation payable under section 4 of the Workmen's Compensation Act, 1923 (VIII of 1923), in case of personal injury resulting in death or partial or total disablement caused by an accident arising out of and in the course of such employment. Sickness arising out of such employment will be treated as an occupational disease within the meaning assigned to it in the aforesaid Act and will be paid for as provided for therein.

Provided that no compensation shall be paid in respect of any injury, not resulting in death, caused by an accident which is directly attributable to—

- (i) the worker having been at the time thereof under the influence of drink or drugs, or
- (ii) the wilful disobedience by the worker of an order expressly given for the purpose of securing his safety.

2. The person or body responsible for the payment of the wages of such worker shall determine the amount of compensation payable; and it will be incumbent upon him to see that compensation is paid expeditiously, without waiting for any notice or claim from the injured worker, or from his dependants as the case may be.

3. In all cases of employment of forced or compulsory labour, in which compensation becomes payable, a report shall immediately be made to the District Magistrate of the district, who shall satisfy himself that prompt payment of compensation is made in accordance with the provisions of these instructions.

LETTER FROM THE SECRETARY TO GOVERNMENT OF ORISSA, LAW AND COMMERCE DEPARTMENT, NO. 262-COM., DATED THE 13TH JANUARY 1937.

I am directed to say that the questions of issue of executive instructions in the lines of Workmen's Compensation Act in respect of personal injury by accidents and sickness arising out of the employment of 'forced or compulsory' labour is still under the consideration of this Government and a further communication will be sent to the Government of India on the subject, as soon as possible.

LETTER FROM THE GOVERNMENT OF ASSAM, NO. IMMGN.-436/420-G. J., DATED THE 28TH JANUARY 1937.

The Officers of the hill districts were consulted on both these subjects, and I am to enclose a copy of the regulations or instructions which have been drawn up in the light of their advice. As conditions vary, it has been necessary, while laying down certain general principles, to leave matters such as the rate of wages, the number of days of employment and the fixing of the rate of compensation in case of accident or illness to the discretion of the District, Subdivisional or Political Officer.

2. The views of the Political Officers, Balipara and Sadiya Frontier Tracts have not yet been obtained. Conditions in these tracts are different owing to the existence of a permanent labour corps and it is not expected that any substantial alteration of the regulations or instructions will be required. I am to say that these regulations or instructions may be treated as provisional till the advice of the Political Officers has been received. They are now being consulted. Any alterations will be communicated to the Government of India.

REGULATIONS GOVERNING IMPRESSMENT OF LABOUR IN THE HILLS DISTRICT OF ASSAM.

Impressment for the purpose of transport facilities.

1. Porters shall only be impressed for the purpose of facilitating the movements of officials on duty, for the transport of Government stores or, in cases of urgent necessity, when other means for securing transport facilities are not possible, for the transport of persons other than officials.

2. The impressment of porters shall be made in all cases by or under the general or special orders of the District, Subdivisional or Political Officer.

3. The person employing porters shall be responsible for seeing, as well as he can, that they are fit to carry loads. Ordinarily, impressment shall be confined to persons who are accustomed to physical labour. No porters should be taken from the villages where infectious diseases such as small-pox or cholera are known to exist. Women may be employed where permissible by local custom; but their employment should, as far as possible, be discouraged. No person should be called up for work on any day on which religious custom prohibits him from leaving the village or from carrying loads.

4. A day's march for a loaded porter shall not exceed fifteen miles except in very special circumstances. The load to be carried by a porter shall not exceed 60 lbs.

5. Porters shall not be required to travel more than two marches from their starting point except in very special circumstances.

6. A porter's wage for a march not exceeding fifteen miles on any one day shall not be less than the normal daily wage prevailing in the locality. This wage will be fixed by the District, Subdivisional or Political Officer according to the conditions of the locality and other circumstances. For a daily march exceeding fifteen miles the rate of wages shall be double the ordinary rate. Porters carrying loads more than thirty miles from their village shall be paid, in addition to the daily wage a subsistence allowance at the rate of three annas for every thirty miles or part thereof.

7. The number of days of employment per person every year shall not exceed the maxima fixed by the District, Subdivisional or Political Officer giving particular regard to local conditions.

8. In the case of both impressed labourers and voluntary workers, personal injury by accident or sickness arising out of their employment as porters will be dealt with as if the Workmen's Compensation Act applied, sickness being treated as occupational disease.

- (i) No Compensation will be paid if there is a suit for damages pending in any Court in respect of the accident or sickness.
- (ii) The amount of compensation will be calculated in the manner laid down in section 4 of the Workmen's Compensation Act.
- (iii) For the purpose of this rule and for the application of section 4 of the Workmen's Compensation Act, the monthly wages will be taken to be the monthly rate of wages prevailing in the locality for work similar to the work on which the porter is employed, as may be fixed by the District, Subdivisional or Political Officer.
- (iv) Employers of impressed labourers or voluntary workers are bound to report to the District, Sub-divisional or Political Officer all cases of sickness, personal injury or death by accident. The District, Subdivisional or Political Officer on receiving the information and on making such inquiries as he may consider necessary will fix the amount of compensation, if any, to be paid and will take necessary steps for ensuring payment if the amount is payable by any person other than Government. If compensation is payable by the Government he will report the amount with particulars of the circumstances to the Local Government.
- (v) Compensation on account of personal injury or sickness will be paid by the District, Subdivisional or Political Officer or the employer to the person concerned or his agent. Compensation on account of death will be paid by the District, Subdivisional or Political Officer to the nearest heirs of the deceased or to their representatives after such inquiry as may be necessary.

LETTER FROM THE GOVERNMENT OF ASSAM, NO. IMGN.-59/801-G. J., DATED THE 6TH MARCH 1937.

I am directed to say that the regulations or instructions governing impressment of labour in the hills districts of Assam forwarded therewith may be treated as final. The Political Officers, Balipara and Sadiya Frontier Tracts who were consulted do not consider it necessary to make any alterations in those regulations or instructions.

LETTER FROM THE GOVERNMENT OF BIHAR, POLITICAL DEPARTMENT, NO. 1083-P., DATED THE 23RD MARCH, 1937.

I am to say that executive instructions have now been issued by the local Government to regulate the compensation payable to labourers on account of personal injury by accident or sickness arising out of their employment under Regulation XI of 1806.

LETTER FROM THE GOVERNMENT OF BENGAL, DEPARTMENT OF COMMERCE & LABOUR (COMMERCE), NO. 3818-COM., DATED THE 5TH APRIL 1937.

I am directed to forward for the information of the Government of India a copy of Notification no. 7515-E. A., dated the 24th March 1937, issued by the Revenue Department of this Government under section 18 of the Chittagong Hill Tracts Regulation, 1900 (I of 1900), with a view to provide for the payment of compensation to persons employed on forced or compulsory labour in the event of any accident or illness to them arising out of such employment. (A copy of the rules which this notification amends was forwarded to the Government of India with this Department letter no. 8265-Com., dated the 5th August 1935.)

NOTIFICATION FROM THE GOVERNMENT OF BENGAL, REVENUE DEPARTMENT, EXCLUDED AREA BRANCH, NO. 7515-E. A., DATED CALCUTTA, THE 24TH MARCH 1937.

Chittagong Hill Tracts.

In exercise of the power conferred by section 18 of the Chittagong Hill Tracts Regulations, 1900 (Regulation I of 1900), the Governor in Council is pleased to direct that the following amendments be made in the rules for administration of the Chittagong Hill Tracts framed under notification no. 123-P.D., dated the 1st May 1900, as subsequently amended, namely:—

In rule 42-B of the said rules—

(i) *insert* the following *before* the word "Labour" in the beginning of sub-rule (1):—

"Whenever voluntary labour on payment is not available".

(ii) *insert* the following as sub-rule (15) and *renumber* existing sub-rules (15) and (16) as sub-rules (16) and (17), respectively.

(15) If any person employed under this rule shall be temporarily or permanently incapacitated by injury or sickness caused by reason of, and during, the service rendered, he may apply for compensation to the Deputy Commissioner, who after such inquiries as he considers necessary, may order, subject to the approval of the Commissioner, an equitable compensation to be paid to such person for his incapacity by Government or by the Chief or headman, who has employed him. In assessing the compensation the Deputy Commissioner will consider to what extent, if any, the incapacity, sickness, or death of the person employed was due to contributory negligence on his part. If death should result, the compensation may be paid to the dependants of the person deceased in such proportion as the Deputy Commissioner thinks fit.

NET EARNINGS OF CERTAIN NEWLY-CONSTRUCTED RAILWAY LINES.

Mr. B. M. Staig : (Financial Commissioner, Railways) : Sir, I lay on the table a statement giving the information at present available as to the net earnings of certain newly-constructed railway lines, during the financial year 1935-36, and a comparison of the return given by these earnings on the capital outlay with the return anticipated in the original estimates.

Statement showing net earnings during the financial year 1935-36 of new lines opened after 1st October, 1927, throughout for traffic for a full year.

Name of Project.	Working Railway.	Gauge.	Mileage.	Date of Opening.	Net income creditable to the project for 1935-36.	Percentage return of income (column 6 on Capital outlay).		Estimated percentage return of income or capital outlay some years after opening as estimated originally.
						1934-35.	1935-36.	
1	2	3	4	5	6	7	8	9
Chittagong-Nazarhat ..	A. B.	3' 3-3/8"	22.97	17-3-1930	22,961	0.66	1.02	8.50
Chittagong-Dohazari ..	A. B.	3' 3-3/8"	25.05	10-6-1931	-1,00,354	-0.48	-1.91	8.50
Feni-Belonia ..	A. B.	3' 3-3/8"	16.88	1-12-1929	-53,450	-3.19	-2.34	5.80
Furkating-Badulpur-Jorhat ..	A. B.	3' 3-3/8"	42.28	1-8-1928	-63,933	2.63	2.73	7.00
Karimganj-Jongai Valley ..	A. B.	3' 3-3/8"	39.45	1-1-1929	-91,275	-2.07	-2.61	5.50
Netrakona-Monanganj ..	A. B.	3' 3-3/8"	17.55	1-4-1929	-17,995	-0.69	-0.88	9.80
Shaistaganj-Habiganj-Balla ..	A. B.	3' 3-3/8"	25.29	1-12-1929	-30,292	-0.53	-1.40	6.47
Sonchos-Mairabai ..	A. B.	3' 3-3/8"	30.25	20-4-1930	30,579	-1.91	1.36	13.00
Sibsagar Road-Khowang ..	A. B.	3' 3-3/8"	38.79	10-11-1927	41,665	3.24	1.20	7.00
Mashrak-Thawo Extension ..	B. & N. W.	3' 3-3/8"	30.32	12-1-1931	68,653	(a) 2.90	(a) 2.91	6.00
Raipur Parvatipuram ..	B. N.	5' 6"	240.00	31-3-1932	45,68,617	4.19*	8.88	5.40
Rorai-V. Vardai ..	B. B. & C. I.	5' 6"	3.71	18-4-1929	-5,973	-3.16*	-2.65	5.00

Jambusar Kavi ..	B. B. & C. I.	2' 6"	17.87	1-8-1929	19,450	4.58*	2.44	8.00
Sammi-Dahaj ..	B. B. & C. I.	2' 6"	24.72	1-3-1930	-15,694	-0.66*	-1.56	8.90
Vasad-Katana ..	B. B. & C. I.	5' 6"	26.61	1-9-1930	1,64,318	8.35*	7.55	8.00
Hoho-Shweryang ..	Burma	3' 3-3/8"	11.26	2-5-1928	7,504	0.13*	0.26	6.00
Kayan-Thongwa ..	Burma	3' 3-3/8"	10.80	15-12-1928	8,423	0.59*	0.55	10.75
Myingyan Paleik ..	Burma	3' 3-3/8"	68.86	13-1-1930	1,36,669	1.67*	1.89	5.50
Nyaunglebin-Madauk ..	Burma	3' 3-3/8"	11.06	16-8-1929	1,10,270	7.30*	8.23	3.37
Tangdwingyi-Kyaupadaung ..	Burma	3' 3-3/8"	71.82	17-7-1930	1,92,355	2.20*	1.74	6.00
Abdulpur-Nawabganj ..	E. B.	5' 6"	57.15	10-2-1930	1,67,000	-0.97	1.85	6.36
Baruipur-Lakhmikanapur ..	E. B.	5' 6"	23.26	15-12-1928	1,07,000	-1.12	2.55	7.00
Dinsajpur-Rubee ..	E. B.	3' 3-3/8"	47.80	8-5-1928	3,12,000	12.31	9.16	6.50
Kalukhali-Bhateapara ..	E. B.	5' 6"	53.49	1-3-1932	52,000	-3.58	0.88	5.00
Purnea-Murliganj ..	E. B.	3' 3-3/8"	51.98	1-10-1929	3,11,000	6.23	9.62	6.50
Tangla Rangapara ..	E. B.	3' 3-3/8"	52.50	6-2-1933	3,11,000	4.05	5.92	(b) 0.68
Calcutta Chord Railway ..	E. I.	5' 6"	8.50	1-2-1932	-3,42,930	0.32	(c) -0.77	†

(a) Excludes net earnings of existing lines from new traffic interchanged with new railway.

* Revised figures.

(b) The Government of Assam have agreed to pay the actual loss incurred in working the railway for an indefinite period subject to a maximum of Rs. 1,75,000 each year provided that, if and when, the line yields a return of over 5 per cent. on its capital cost, the balance will be utilised in repaying sums that may have been paid under the guarantee.

† Justified on broad grounds of improving transportation facilities particularly quick despatch of coal traffic to the docks.

(c) The figures have been compiled on the old basis followed for the year 1934-35.

Name of Project.	Working Railway.	Gauge.	Mileage.	Date of Opening.	Net income creditable to the project for 1935-36.	Percentage return of income (column 6 on Capital outlay).		Estimated percentage return of income on capital outlay some years after opening as estimated originally.
						1935-36.		
						1934-35.	8	
1	2	3	4	5	6	7	8	9
Chandpur-Bijnor Muazzampur Narain	E. I.	5' 6"	37.00	5-1-1930	67,950	-0.13	(d) 2.01	6.10
Daltonganj Barkakana Section of Central India Coalfields Railway (\$)	E. I.	5' 6"	115.00	31-1-1929	-1,95,556	0.80	(d) -0.48	(c) 6.88
Annuppur-Chirmiri Branch of Central India Coalfields Railway (\$).	B. N.	5' 6"	53.84	23-1-1931	7,62,330	3.66*	4.24	
Lucknow-Sultanpur-Zafarabad	E. I.	5' 6"	136.00	25-5-1932	-2,86,876	4.56*	(d) -2.29	5.80
Unao-Madhoganj	E. I.	5' 6"	48.00	21-12-1930	-23,961	-3.77	(d) -0.55	(h) 6.20
Agra Bah	G. I. P.	5' 6"	43.00	10-4-1929	-48,066	-1.74*	-1.55	6.30
Dharwa-Pusad	G. I. P.	2' 6"	42.65	23-11-1931	-18,898	-0.18*	-0.55	6.81
Cocanada-Kotipelli	M. & S. M.	5' 6"	27.38	1-11-1929	-67,457	†-3.69*	†-1.58	6.00
Guntur-Macherla	M. & S. M.	3' 3-3/8"	79.83	15-1-1930	1,57,571	†4.01*	†3.45	5.25
Gudivada-Phimavaram	M. & S. M.	3' 3-3/8"	40.60	17-9-1928	2,37,965	†4.09*	†5.84	6.61
Nidadoln-Narasapur	M. & S. M.	5' 6"	47.16	3-2-1929	3,24,652	†4.65*	†4.73	
Anniviballi-Swmihalli Extension	M. & S. M.	3' 3-3/8"	11.74	15-3-1928	2,34,834	64.62*	74.74	5
Amritsar Narowal	N. W.	5' 6"	39.11	6-5-1929	8,32,208	10.75*	12.18	5.50

Batala Qadian or Batala Beas Rly. (t)	N. W.	5' 6"	12.04	20-12-1928	50,183	3.25*	5.40	5.7(c)
Chak Jhumra Kuthab	N. W.	5' 6"	70.47	12-3-1932	28,68,643	11.33*	16.84	6.00
Jassar Shakargarh Chak Amru	N. W.	5' 6"	25.97	21-12-1927	1,24,645	4.83*	7.58	6.00
Lyallpur-Jaranwala	N. W.	5' 6"	20.75	3-12-1927	-2,929	-7.93*	-0.18	5.48
Rohatak-Gohasan-Panipet	N. W.	5' 6"	44.01	15-5-1928	16,119	-1.37	0.63	6.33
Shahdara-Narowal	N. W.	5' 6"	48.33	21-12-1926	1,41,604	3.32*	4.80	4.84†
Sind Left Bank Feeder Railways*	N. W.	5' 6"	164.49	10-12-1931	6,81,522	2.43*	(d) 7.51	(e) 5.50
Kangra Valley	N. W.	2' 6"	102.99	1-4-1929	-2,16,430	-0.13*	(f) -0.68	(f) 5.50
Cuddalore-Vridhachalam	S. I.	3' 3-3/8"	35.59	21-6-1928	43,523	(e) 2.80*	(e) 1.63	(g) 9.44
Dindigul Pollachi	S. I.	3' 3-3/8"	75.10	19-11-1928	1,24,553	(e) 4.95*	(e) 1.53	

† Justified on broad grounds of improving transportation facilities particularly quick despatch of coal traffic to the docks.

(t) Only part of the whole project was actually built.

(c) Represents estimated return on capital outlay for the entire project.

(d) The figures have been compiled on the old basis followed for the year 1926.

† Calculated on capital expenditure only excluding interest during construction.

§ This line was sanctioned for construction on the assurance that a minimum output of 35,000 tons of manganese ore annually by the Sandur Mining Company would be enough to guarantee the railway against loss.

(ii) Only part of the whole project was actually built.

(a) Represents estimated return on capital outlay for the entire project.

* Revised figures.

† Loss to the extent of Rs. 20,000 guaranteed by local Government so as to obtain a return of 5.5 per cent. capital outlay.

(d) Includes a guarantee of Rs. 4,00,000 payable by the Bombay Government.

(e) The annual loss in working the Sind Left Bank Feeder Railways was estimated as Rs. 4.60 lakhs during the first five years after opening and Rs. 2.63 lakhs after the first five years of opening for traffic. To recoup the loss the Government of Bombay will pay a fixed sum of Rs. 4 lakhs annually for each of the first five years and thereafter the actual loss in working subject to a maximum of Rs. 2 lakhs per annum.

(f) Includes a guarantee of Rs. 4,00,000 payable by the Punjab Government.

(g) The line was considered unremunerative but the District Board of South Arcot who were interested in it expressed their willingness to guarantee the India of India against loss if any arising from the construction and working of the line.

(e) Excludes net earnings of the existing lines from non-traffic inter charged with new Railway.

Name of Project.	1	Working Railway.	Gauge.	Mileage.	Date of Opening.	Net income creditable to the project for 1935-36.	Percentage return of income (column 6 on Capital outlay).			Estimated percentage return of income on capital outlay some years after opening as estimated originally.
							1934-35.		1935-36.	
							7	8		
Madura Bodinayakanur ..	..	S. I.	3' 3-3/8"	55.94	20-11-1928	—44,906	(a) —0.56*	(a) —0.83	(a) —0.83	8.73
Pollachi Palghat ..	..	S. I.	3' 3-3/8"	33.45	1-4-1932	46,542	(a) 1.65*	(a) 0.87	(a) 0.87	5.20
Salem Mettur Dam ..	..	S. I.	5' 6"	23.20	15-4-1929	—24,410	(a) —0.73*	(a) —1.89	(a) —1.89	4.75
Salem Attur Vriddachalam ..	..	S. I.	3' 3-3/8"	82.53	17-8-1931	—27,213	(a) —0.98*	(a) —10.32	(a) —10.32	5.80
Shoranur Nilambur ..	..	S. I.	5' 6"	11.35	26-10-1927	—57,672	(a) —0.53	(a) —0.72	(a) —0.72	4.00
Villupuram Trichinopoly ..	..	S. I.	3' 3-3/8"	109.00	1-2-1929	7,89,937	(a) 4.26*	(a) 3.90	(a) 3.90	6.50
Trichinopoly Manamadura Chord ..	..	S. I.	3' 3-3/8"	94.22	1-7-1930	96,006	(a) 3.35*	(a) 0.85	(a) 0.85	5.37

(e) The line was considered unremunerative but the District Board of South Arcot who were interested in it expressed their willingness to guarantee the Government of India against loss if any arising from the construction and working of the line.

(f) Excludes net earnings of the existing lines from new traffic interchanged with new railway.

(g) The estimated percentage return took into account a maximum payment of Rs. 41,000 to be made good by the Madras Government.

(h) Includes a maximum guarantee of Rs. 1, 39,00 from the Government of Madras.

PRESENTATION OF THE REPORT OF THE PUBLIC ACCOUNTS COMMITTEE FOR 1935-36.

The Honourable Sir James Grigg (Finance Member) : Sir, I present the Report of the Public Accounts Committee on the accounts of 1935-36—Volume I—Parts I and II.

REPORT OF THE PUBLIC ACCOUNTS COMMITTEE.

Part I.—Civil, Posts and Telegraphs, and Defence Services.

Financial results of the year.—The following table compares the original grants or appropriations with the expenditure actually incurred during the year :—

(In lakhs of rupees.)				
	Original grant.	Final grant.	Actual expenditure.	
Expenditure charged to revenue (voted)	26.88	30.86	30.33	
Expenditure charged to capital (voted)	1.61	1.90	1.21	
	28.49	32.76	31.54	
Disbursement of loans and advances (voted)	11.71	11.83	10.79	
Total (voted)	40.20	44.59	42.33	
Expenditure charged to revenue (non-voted)	76.12	77.15	77.07	
Expenditure charged to capital (non-voted)	5.23	5.25	5.44	
Total (non-voted)	81.35	82.40	82.51	
Total expenditure charged to revenue	103.00	108.01	107.40	
Total expenditure charged to capital	6.84	7.15	6.65	
Disbursements of loans and advances	11.71	11.83	10.79	
Grand total	121.55	126.99	124.84	

There was thus a total saving of Rs. 2.15 lakhs or 1.69 per cent. of the final grant.

The following table shows the percentage of savings in the three main sections of the budget for each of the last five years :—

	1931-32.	1932-33.	1933-34.	1934-35.	1935-36
Expenditure charged to revenue	3.2	1.9	1.0	—1.1	.56
Expenditure charged to capital	11.4	8.3	15.2	8.9	6.99
Disbursements of loans and advances	10.8	37.1	23.3	49.2	8.79
Combined percentage	4.3	5.9	2.7	2.9	1.69

It is satisfactory to note that the percentages for 1935-36 are in all cases lower than those of the previous year.

2. *Excesses.*—In the following cases the actual expenditure exceeded the grants voted by the Legislature :—

	Final Grant.	Actual expenditure.	Excess.
	Rs.	Rs.	Rs.
(1) 23.—Indian Posts and Telegraphs Department.	10,55,95,000	10,58,07,734	2,12,734
(2) 26.—Interests on Miscellaneous Obligations	66,28,000	66,78,358	50,358
(3) 28.—Executive Council	90,000	1,00,381	10,381
(4) 30.—Legislative Assembly and Legislative Assembly Department.	7,25,000	7,38,556	13,556
(5) 33.—Public Service Commission ..	1,79,000	1,79,605	605
(6) 47.—Lighthouses and Lightships ..	9,40,000	9,46,405	6,405
(7) 54.—Mines	1,24,000	1,24,815	815
(8) 57.—Medical Services	6,22,000	6,24,714	2,714
(9) 65.—Census	1,000	1,644	644
(10) 67.—Emigration—External	1,91,000	2,02,464	11,464
(11) 77.—Refunds	1,45,75,000	1,53,43,038	7,68,038
(12) 80.—Delhi	44,69,000	44,79,718	10,718
(13) 85.—Hyderabad	42,000	43,594	1,594
(14) 98.—Interest free advances	82,18,000	84,87,613	2,69,613

The more important excesses are briefly explained below :—

Item (1).—The excess was mainly due to pensionary charges. As this was the first year in which the Posts and Telegraphs Department were paying the actual pensionary charges instead of contributions on this account, accurate estimating was difficult.

Item (2).—Unexpectedly heavy payments had to be made to the Post Office on account of Savings Bank and Cash Certificate work. These payments are based on the actual number of transactions handled by the Post Office.

Item (3).—More expenditure was incurred on touring than could have been anticipated.

Item (4).—Contrary to the usual practice, some members of the Legislative Assembly claimed daily allowance for March 1936 during that month instead of in the succeeding month.

Item (10).—This excess was mainly due to additional items of expenditure in the South African Agency. Measures have since been taken to improve the control of expenditure in that Agency.

Item (11).—Large refunds of customs revenue had to be made in the closing months of the year. This item will not appear in future years in view of the decision that refunds should be treated as deductions from revenue.

Item (14).—Unexpectedly heavy debits were received during the closing months of the year on account of civil advances and charges for the destruction of coin. These items, like refunds, are not susceptible of accurate budgeting.

We recommend that the necessary excess grants be voted by the Legislative Assembly.

3. *Irregular reappropriations and special items of expenditure.*—Rule 52 (2) of the Indian Legislative Rules requires us to bring to the notice of the Assembly every reappropriation from one grant to another, every reappropriation within a grant which is not made in accordance with the rules prescribed by the Finance Department, and any items of expenditures which the Finance Department may request us to bring specially to notice. We have no items to report under any of these heads.

4. *Minutes of Proceedings.*—We append the minutes of our proceedings which we desire, as usual, to be regarded as a part of our report. In the following paragraphs we shall refer only to some of the more important questions considered in the course of our discussions.

5. *Accuracy of budgeting and control over expenditure.*—In last year's report a reference was made to the instructions issued by the Finance Department on this subject in October 1935. We hope that these instructions, and the supplementary instructions which are printed as an appendix to this report, will lead to an improvement in future years. The Accounts for 1935-36 again showed large variations between the original estimates and the actual expenditure in certain cases. Such variations were especially noticeable in Grants 63 and 63-B. "Civil Aviation", parts of Grant 73 "Civil Works", Grant 92-A. "Capital Outlay on Schemes of Agricultural Improvement and Research", Grant 94.—"Capital Outlay on Vizagapatam Harbour", Grant 97.—"Delhi Capital Outlay" and the non-voted Appropriations "Political" and "Frontier Watch and Ward". We realise that in some of these cases the variations were partly due to circumstances special to that year, but we should like to emphasise our recommendation that in cases where the figures for 1936-37 again show substantial savings the advisability of imposing lump cuts should be considered.

We frequently had occasion to notice variations which were due to accounting adjustments effected during the course of the year. We wish to reaffirm, and consider that all the authorities concerned should be reminded of a principle which has previously been accepted but which appears to have been overlooked in a considerable number of cases, namely, that even if budget provision has originally been made under an incorrect unit, the corresponding expenditure should be brought to account against that unit, unless there be strong reasons for a contrary course, e.g., when such accounting would be contrary to law. The accounting authorities should take suitable action to ensure that provision is made correctly in the next year's budget.

We also wish to draw attention to our recommendation that the Finance Department, in consultation with the Auditor-General, should experiment with a few grants in order to see whether larger units of appropriation, both for budgeting and for appropriation report purposes, would not lead to more accurate estimating and indeed to economy. On

the evidence available we are inclined to agree with the suggestion that the detail with which budget proposals are submitted may actually constitute an impediment to accurate budgeting for expenditure.

6. *Works expenditure.*—We discussed at considerable length some of the special difficulties involved in budgeting accurately for works expenditure. We wish to draw attention to the note on the subject which is appended to this report (appendix VI). We hope that Government will be able to suggest to us suitable means of improving the position while maintaining the principle of Parliamentary control of expenditure.

In view of the large savings noticeable in several grants in connection with the provision for major works, we consider it desirable that Government should investigate whether the staff employed in the Central Public Works Department, being presumably based on a larger programme of capital works than is actually carried out, is not unnecessarily large. We hope that a report on this subject will be submitted next year.

7. *Unnecessary Supplementary Grants.*—We were pleased to observe that only three supplementary grants which proved unnecessary were submitted to the Legislature in 1935-36 as compared with seven in 1934-35 and six in 1933-34. The supplementary grant obtained in connection with Demand no. 73, "Civil Works" is at least partially explained by the fact that this grant is administered by a large number of different authorities and it is therefore difficult for the Central Public Works Department to estimate the total amount required. In the other two cases, however, (Grant no. 17-Taxes on Income and Grant no. 75-Stationery and Printing) we feel that a reference to the Legislature might have been found to be unnecessary if the latest figures of actuals had been carefully studied immediately before the supplementary demands were submitted to the Legislature. This practice we consider should be adopted in all cases of supplementary grants, for in several other instances we found supplementary grants taken in excess of requirements, and in some of these cases the latest actuals would have suggested a modification of the demand.

8. *Capital Grants.*—We have had occasion to question the necessity for several of the grants for capital expenditure which are at present exhibited in the accounts. We desire, in particular, to draw attention to the recommendation made in connection with Grant no. 97-Delhi Capital Outlay. This expenditure has been criticised on grounds of extravagance, and we consider that it should lead to economy if any further expenditure which may be required, unless it is of a clearly remunerative nature, is charged to revenue. We have also recommended that the Finance Department should examine the necessity for retaining a capital head for expenditure on the commutation of pensions; and we hope that it will be possible to eliminate some of the minor capital grants which, on the evidence available, seem to us to serve no useful purpose.

9. *Expenditure in England.*—We notice that considerable expenditure is still incurred by the Government of India on account of agency functions performed on their behalf by the India Office. We find difficulty in understanding why most if not all of these functions should not now be transferred to the High Commissioner, and we hope that such a transfer will soon be effected unless there are very strong administrative or financial reasons for continuing the existing system. We presume that if all agency

functions were transferred to the High Commissioner, the remaining cost of the India Office would be borne by His Majesty's Government.

We also hope that the Finance Department will investigate the question whether it is still necessary for the Secretary of State to keep an account with the Bank of England and whether this account should not now be transferred to the Reserve Bank.

10. *Education, Health and Lands Department.*—We had some discussion regarding the financial position of the Mathematical Instrument Office, Calcutta, a subject which also engaged the attention of our predecessors. We are prepared to accept the contention of the departmental representatives that this office should be regarded as primarily a "service" and not a "commercial" department, but we consider it important that Government should again examine the question whether the transfer of work connected with the army, which has led to so large a reduction in the receipts of the Mathematical Instrument Office, was in the interests of India as a whole.

With regard to some of the other undertakings with which the Education, Health and Lands are concerned, such as the Botanical Sub-station at Karnal and the Veterinary Institute at Muktesar, we feel that although the primary object may be research, it is very desirable that the business aspect should not be allowed to go by default, and we hope that the responsible authorities will endeavour to make such undertakings as nearly self-supporting as possible.

11. *Government of India Presses.*—On the evidence available, we are inclined to think that there is some scope for economy in connection with the Government of India Presses. In view of the transfer to Delhi of most of the work formerly done by the Calcutta Press, we are somewhat doubtful whether it is now necessary to retain the latter in existence. In any case we hope that the question of amalgamating the Hastings Street and Dharamtala Presses will be settled without further delay.

12. *Vizagapatam Port.*—We were dismayed by the information supplied to us regarding the financial position of Vizagapatam port. We realise that the interests of the Railways and of the areas at present served by Vizagapatam would have to be carefully considered before any decision could be reached with regard to the closing of the port, but we are very doubtful whether the Government of India would be justified in spending any more money on the port unless it is likely to be able to balance its budget in the not distant future. We consider it most important that the whole question should be thoroughly investigated without delay, and we hope that a comprehensive report on the subject will be submitted next year.

13. *Unauthorised Funds in the North-West Frontier Province.*—Our predecessors had occasion to draw attention to the existence of a number of unauthorised Khassadar and other funds in the North-West Frontier Province. We were gratified to learn that all the funds of this kind which have so far been discovered have now been closed, the balances being credited to Government. We hope that the audit authorities will continue their investigation of irregular expenditure on the Frontier as rapidly as circumstances permit.

14. *Posts and Telegraphs.*—We are pleased to note that the improvement in the financial position of the Posts and Telegraphs Department as a whole appears to be continuing. We are uneasy, however, at the loss incurred in the Telegraphs section of the Department. The representatives of the Department contended that this was not to any appreciable extent due to the competition of the telephone; they also stated that there was little scope for any further economy. We wish to urge that the Department should increase its efforts to reduce the loss by all possible means.

We had considerable difficulty in following certain portions of the accounts of this Department. We wish to draw attention to our suggestion that some of the suspense accounts might be eliminated, and that the authorities concerned should consider the possibility of simplifying and clarifying the accounts in other ways.

15. *Explanations given in the Appropriation Accounts and Audit Reports.*—We are much indebted to the Auditor-General for the general lucidity of the Appropriation Accounts and Audit Reports which have been placed before us. In certain instances, however, we have had occasion to note that the explanations given in connection with changes in the original estimates might have been more illuminating. We understand that these explanations are usually based on information supplied by the departments concerned, and that the concurrence of the administrative authorities is supposed to be obtained before the explanations are incorporated in the Accounts. We feel, however, that in some instances insufficient attention has been paid to the importance of ensuring that the explanations are both accurate and intelligible. We hope that this will be brought to the notice of the authorities concerned.

We also wish to suggest that the usefulness of some of the lists of variations, etc., included in the Audit Reports would be increased if the audit officer concerned would indicate in addition which of the items he still regards as unsatisfactory after considering the explanations given by the administrative authorities.

16. *Accounts and Audit under the new Government of India Act.*—We were interested in the information supplied to us by the Auditor-General with regard to the position of Accounts and Audit under the new Government of India Act. We note that the Appropriation Accounts relating to the Defence, External Affairs and Ecclesiastical Departments will continue to be placed before the Public Accounts Committee as at present. We realise that in accordance with the provisions of the Act the Committee will cease to be concerned with the accounts of the Federal Railway Authority and the Crown Department, but we understand that these accounts, with the relevant audit reports, will continue to be published. We wish to draw attention to the recommendation made by the non-official members (with which the Chairman was unable to associate himself in view of his official position) that the publication of these documents should be considered to include their being placed on the table of the Legislature.

17. *Report of the Military Accounts Committee.*—We append the report submitted by the Military Accounts Committee constituted to conduct a preliminary examination of the Military Appropriation Accounts and connected documents. We endorse the recommendations and sugges-

tions made by the Committee both in their report and in the proceedings of their meetings.

J. C. NIXON.
B. DAS.
N. G. RANGA.
JOGENDRA SINGH.
SHER MOHAMMAD KHAN.
S. SATYAMURTI.
MOHAMMAD YAKUB.
BHAIRAMA NAND.
R. D. DALAL.
FAZL-I-HAQUE PIRACHA.
ABDUL HAMID.

J. B. SHEARER.

Secretary.

The 7th August, 1937.

Proceedings of the sixth meeting* of the Public Accounts Committee held on Monday, the 26th of July 1937, at 11 A.M.

PRESENT :

The Hon'ble Mr. J. C. NIXON, C.S.I., C.I.E., I.C.S., Finance Member,
Chairman.

Mr. B. DAS.
Professor N. G. RANGA.
Captain Sardar Sir SHER MOHAMMAD KHAN,
Kt., C.I.E., M.B.E.
Mr. S. SATYAMURTI.
Maulvi Sir MOHAMMAD YAKUB, Kt.
Bhai PARMA NAND.
Dr. R. D. DALAL, C.I.E.
Khan Bahadur SHAIKH FAZL-I-HAQ PIRACHA.
Khan Bahadur Sir ABDUL HAMID, Kt., C.I.E.,
O.B.E.

Members.

Mr. M. S. A. HYDARI, C.I.E., I.C.S., Secretary,
Education, Health and Lands Department.

Mr. M. W. YEATTS, I.C.S., Joint Secretary,
Education, Health and Lands Department.

Witnesses.

Mr. T. K. RAJAGOPALAN, Accountant-
General, Central Revenues.

Mr. A. J. RAISMAN, C.I.E., I.C.S., Finance
Secretary.

*The proceedings of the first five meetings deal with the Railway Accounts.

Karnal Farm.—A member of the Committee drew attention to the fact that the loss on the Karnal sub-station of the Imperial Institute of Agricultural Research had been higher in 1935-36 than in previous years. It was explained that the main purposes of the sub-station were research and demonstration, and it could not therefore be expected to be self-supporting. There was reason to hope, however, that the loss for 1936-37 would be appreciably less than that of the year under report. The Committee agreed that no further action need be taken for the present, but they considered that it would be necessary to continue to keep a careful watch on institutions of this kind in order to ensure that their usefulness was sufficient to justify the expenditure involved. If this condition were not satisfied they should either be made self-supporting or be closed down. The Committee looked forward to seeing the review of such institutions which it was understood the Department was preparing for members of the Legislature.

2. **New Delhi Municipality.**—In connection with paragraph 64 of the Audit Report the Accountant-General, Central Revenues, stated that there had been an improvement in financial control since the appointment of a resident accountant subordinate to the Accountant General to supervise the accounts of the Municipality. It had not yet, however, been possible to introduce proper balance sheets and profit and loss accounts for the commercial undertakings of the New Delhi Municipality, since certain issues were still outstanding, of which the most important were the valuation of the assets taken over by the Municipality and the principles to be applied in regard to reserves. The Committee considered that there had been regrettable delay in reaching decisions on these points, and they hoped that the necessary orders would be passed as quickly as possible.

3. **Grant no. 21—Forests.**—The Committee noted that the additional expenditure under head A-3 had been due to the travelling expenses of the Inspector-General in connection with the Fourth Empire Forestry Conference in Africa. They presumed that the report of the Conference would be made available to persons in India who were likely to be interested.

There was some discussion regarding the Forest Research Institute at Dehra Dun. It was explained that the Government of India were now proposing to re-open the College as an experimental measure, and they hoped that the enterprise would secure the co-operation of the Provincial Governments.

4. **Grant no. 48—Survey of India.**—A number of questions were asked with regard to the items in this Grant where there had been substantial variations from the original estimates. The explanations given by the departmental representatives were, however, accepted as satisfactory so far as expenditure in India was concerned. In connection with head "G.—English Charges (High Commissioner) on Stores" the Committee considered that the procedure adopted in connection with the acknowledgment of surrenders should be investigated in order to ascertain whether the responsibility of the various authorities concerned had been clearly defined.

5. **Map Record and Issue Office.**—In connection with the statement given on page 142 of the Appropriation Accounts the Committee wished to be informed whether any investigation had recently been undertaken with a view to improving the financial position of the Map Sales Department.

6. **Photo Litho Office.**—A member of the Committee drew attention to the high figures given in the store account of this office. It was explained that the present policy was to maintain a sufficient stock to last for about 2½ years in case supplies should be cut off by war or some other emergency when consumption might at the same time be greatly enhanced. The Committee were doubtful whether this was a sufficient reason for holding so large a stock, and they desired that the question should be further investigated.

7. **Mathematical Instrument Office, Calcutta.**—The Committee considered the memorandum which had been circulated on this subject (appendix IV). It was stated in the course of the discussion that the decrease in receipts was partly due to the decision of the military authorities to have some of their work done in their own factories instead of sending it to the Mathematical Instrument Office. The Committee desired that the Finance Department should ascertain whether this division of work was economical for the Government of India as a whole. They also wished it to be considered whether the Mathematical Instrument Office should not be permitted to take work direct from the public even if this involved entering into competition to some extent with private firms.

The Committee also suggested that if the Mathematical Instrument Office was in future to be treated as a service department the maintenance of *pro forma* accounts would appear to be unnecessary.

8. **Grant no. 51—Botanical Survey.**—The Committee noted that the head "B.—Cinchona Plantation" would presumably disappear in the current financial year, since the cinchona plantations formerly owned by the Government of India were situated in Burma. In view of this fact they wished it to be considered whether it was really necessary to retain the post of Director of the Botanical Survey.

In connection with the statement relating to the stock of quinine sulphate Mr. Hydari explained that although the Government of India were no longer producing quinine, they proposed to maintain a reserve of about 100,000 pounds for war and other emergencies. The question whether plantations should be started in India, and if so, whether they should be under the control of the Central or Provincial Governments, was being investigated.

9. **Grant no. 53—Archaeology.**—A member of the Committee drew attention to the statement made in the "Important Comments" that since the officer who had been responsible for the loss had retired from service no disciplinary action against him was possible. The Committee considered that the legal difficulties, if any, with regard to the recovery of money due from an officer on pension should be examined, and if necessary legislation should be undertaken to remove them.

10. **Grant no. 55—Other Scientific Departments.**—A member of the Committee drew attention to the fact that a considerable sum was being paid on account of municipal taxes on the buildings of the Central Museum, Calcutta. Mr. Hydari undertook to investigate the question whether exemption from such taxes could not be claimed on the ground that the buildings in question existed for a charitable purpose.

The Committee adjourned at 1-25 p.m.

Proceedings of the seventh meeting of the Public Accounts Committee held on Monday, the 26th of July 1937, at 2-45 p.m.

PRESENT :

The Hon'ble Mr. J. C. NIXON, C.S.I., C.I.E., I.C.S., Finance Member
Chairman.

Mr. B. DAS.

Professor N. G. RANGA.

Captain Sardar Sir SHEER MOHAMMAD KHAN,
Kt., C.I.E., M.B.E.

Mr. S. SATYAMURTI.

Maulvi Sir MOHAMMAD YAKUB, Kt.

Bhai PARMA NAND.

Dr. R. D. DALAL, C.I.E.

Khan Bahadur SHAIKH FAZL-I-HAQ PIRACHA.

Khan Bahadur Sir ABDUL HAMID, Kt., C.I.E.,
O.B.E.

Mr. M. S. A. HYDARI, C.I.E., I.C.S., Secretary,
Education, Health and Lands Department.

Mr. M. W. YEATTS, I.C.S., Joint Secretary,
Education, Health and Lands Department.

Mr. N. C. MEHTA, I.C.S., Vice-Chairman,
Imperial Council of Agricultural Research.

Mr. BAZLUL KARIM, Secretary, Imperial
Council of Agricultural Research.

Mr. T. K. RAJAGOPALAN, Accountant-
General, Central Revenues.

Mr. A. J. RAISMAN, C.I.E., I.C.S., Finance
Secretary.

Members.

Witnesses.

11. *Grant no. 57—Medical Services.*—In connection with the provision for grants-in-aid a member of the Committee raised the question whether Government receive satisfactory accounts of the receipts and expenditure of all institutions to whom such grants are paid. It was agreed that the Government of India should insist on obtaining an audited statement of accounts in all such cases.

12. *Grant no. 58—Public Health.*—The Committee considered that the explanation given for the increase of expenditure under head A-3 was inadequate, and that in future the departments concerned should supply fuller explanations in such cases in time for incorporation in the accounts.

13. *Grant no. 59—Agriculture.*—The Committee noted that the savings under several heads in this Grant were stated to be due to "eco-

nomy to meet the cost of transfer of the Institute from Pusa to Delhi". It was agreed that this explanation was misleading, since the savings had in fact been due not to economy but to the fact that the full activities of the Institute could not be carried on after the earthquake. The Committee considered that in this case, as in the case noted under "Public Health", the department should have supplied a more satisfactory explanation in time for incorporation in the accounts.

The Committee presumed that the expenditure in connection with schemes of agricultural development in Sind would cease to be met from central revenues with effect from the 1st of April 1937.

The Committee noted that the supplementary grant under "Q.—Payments from Sugar Excise Duty to Sugar Manufacturing Provinces" was due to the fact that a provision for these payments had originally been made in another grant. They wished to reiterate that unless there was some statutory bar expenditure should during the year follow even incorrect budget provision in other grants.

Professor Ranga suggested that the amount provided for the purpose of improving the sugar industry should be funded and made over to the industry when it is in a position to make suitable use of the money. The Chairman agreed to consider this suggestion.

14. *Wellington Milk Depot.*—In connection with the commercial accounts of this Depot it was explained that the loss shown for the year 1935-36 was due to a more correct system of accounting. No deduction had been made, as in previous years, on account of "education and research", and an unjustifiably high figure had previously been given for the value of the cattle, which was written down during the course of the year. It was admitted that no decision had yet been reached on the question, to which a reference was made in last year's report, whether the Depot should be obliged to sell milk and other products to the military authorities at less than the cost of production. The Committee deprecated the delay in solving this problem, and hoped that it would soon be satisfactorily settled.

15. *Grant no. 61—Civil Veterinary Services.*—It was explained that the Institute at Muktesar was primarily a research institute and not a profit-making concern. The Committee hoped, however, that the Education, Health and Lands Department would not allow the business side of the Institute to go by default, and that they would keep in touch with the Provincial Governments with a view to retaining the profit realised on its products.

16. *Grant no. 67—Emigration—External.*—In connection with the large excess under head A-4 (voted) it was admitted that control over expenditure in the South African Agency had previously been unsatisfactory. It was hoped, however, that it would improve in future years since the Secretary to the Agent-General has now been made personally responsible for this work.

17. *Grant no. 82—Andaman and Nicobar Islands. Account II—Forests.*—The Committee noted that the amounts shown under a number of heads in this Grant were very small, and considered that it would be preferable if they could be amalgamated. Such amalgamation might facilitate financial control and enable the Committee to obtain a better idea of the accuracy of budgeting over the whole Grant. It was agreed that the

Finance Department and the Auditor-General should experiment with two or three Grants in the first instance in order to see whether larger units could not be generally introduced.

The Committee noted with approval the statement made in paragraph 199 of the Commercial Appendix that the accounts of the Andaman Forest Department for 1935-36 showed a net profit of Rs. 56,977 against a loss of Rs. 39,464 in the previous year.

In connection with paragraph 212 of the Commercial Appendix the Committee considered that on the information available the loss on the sale of "Rosamond" should not have been debited to capital.

18. *Grant no. 92-A.—Capital outlay on schemes of agricultural improvement and research.*—In connection with the saving under head A.1 it was explained that if the new Institute had been erected on the site originally proposed the full amount would probably have been required. The site had, however, been changed on the advice of the experts after a supplementary grant had been voted by the Legislature. It was admitted that, in view of the circumstances in which the transfer of the Institute from Pusa to Delhi had been sanctioned by Government, funds had been provided before the scheme had been worked out in as much detail as would ordinarily be considered desirable.

The Committee considered that heads A.3 to A.6 in this Grant appeared to be another instance of excessive sub-division.

19. *Grant no. 60.—Imperial Council of Agricultural Research Department.*—It was explained that all grants given by the Imperial Council of Agricultural Research Department are carefully audited by the appropriate Government auditors. It was also stated that in allotting their funds the Council do give some consideration to the needs of the poorer provinces although their main principle is to spend their money where it can be most usefully employed.

The Committee adjourned at 5-30 p.m.

Proceedings of the eighth meeting of the Public Accounts Committee held on Tuesday, the 27th of July 1937, at 11 a.m.

PRESENT :

The Hon'ble Mr. J. C. NIXON, C.S.I., C.I.E.
I.C.S., Finance Member.

Mr. B. DAS.

Professor N. G. RANGA.

Captain Sardar Sir SHER MOHAMMAD KHAN,
Kt., C.I.E., M.B.E.

Mr. S. SATYAMURTI.

Maulvi Sir MOHAMMAD YAKUB, Kt.

Bhai PARMA NAND.

Dr. R. D. DALAL, C.I.E.

Khan Bahadur Sir ABDUL HAMID, Kt.
C.I.E., O.B.E.

Khan Bahadur Shaikh FAZL-U-HAQ PIRACIA.

Chairman.

Members.

Mr. A. J. RAISMAN, C.I.E., I.C.S., Finance
Secretary.

Witness.

Mr. T. K. RAJAGOPALAN, Accountant-General, Central Revenue.

20. *Key statement to the Appropriation Accounts.*—The Committee noticed that in some cases the references given in the key statement prepared by the Auditor-General related to points which had already been considered in connection with previous references. They requested that if possible such repetitive references should be omitted from future statements. Some members also suggested that it would be a convenience if the statement could be printed in larger type.

21. *Reappropriations.*—The Chairman suggested that in dealing with at any rate some of the grants the Committee had perhaps been too strict in imposing conditions on reappropriations. On the assumption that there was no deliberate overbudgeting in the original estimates, reappropriations might in fact be desirable so long as the object of the reappropriation was within the scope of the grant as passed by the Legislature. Items relating to "new services" certainly required the vote of the Legislature. As regards other items however all that could reasonably be said was that any considerable modification between the sub-heads of a grant raised a question whether the Department concerned had gone beyond the 'scope of the Grant'. There was considerable discussion on this question, but the Committee considered that the orders conveyed in paragraph 3 of the Finance Department's memorandum dated the 9th of October 1935 (Appendix VIII to the Report on the Accounts of 1934-35) were satisfactory, and that no alteration appeared to be necessary. In this connection the Chairman circulated copies of the Finance Secretary's demi-official letter dated the 11th of March 1937 (appendix V).

22. *Excessive detail in budget proposals.*—The Committee agreed, at the instance of Mr. Satyamurti, to make the following recommendation on this subject :—

"We are informed by the Finance Department that the degree of detail with which budget proposals are submitted to it constitutes in some sense an impediment to the accurate budgeting of expenditure. Whereas the addition of a multiplicity of small item of expenditure cannot be refuted, the proposition often still holds that a certain total will accommodate these special features as it has done in the past. We think it worth while that an experiment in regard to certain grants (to be chosen in consultation with the Auditor-General) should be undertaken to see if larger units of appropriation both for budgeting and for appropriation report purposes would not, by reducing the probability of reappropriations, lead to more accurate estimating and indeed to economy. The departments concerned would be responsible for distributing these lump sums over the detailed heads which now appear in the budget demand, as we anticipate no reduction in the amount of information supplied in the book of Demands for Grants. Also we should make it clear that this would not have the effect of reducing the appropriation audit by the smaller units at present done by the Audit Department in order to aid the controlling officers."

23. *Capital and revenue expenditure.*—It was explained that the general principle was that only remunerative expenditure should be charged to capital. Most Governments had, however, found it necessary

to make some exceptions to this rule in connection with unavoidable items of unremunerative expenditure which were too large to be met from current revenues. It was suggested that such exceptions might not have very serious effects if the amount could be recovered from revenue within a short period, but the danger was that the period would be unduly prolonged. Mr. Satyamurti considered that in order to finance their schemes of development the Provincial Governments would probably have to apply the rule less rigidly than had been done in the past. In this connection the Chairman pointed out that if such expenditure were charged to capital, there would not only be a large increase in interest charges but it would also be necessary to increase the provision for the redemption of debt. Increased recurring resources would therefore in any case be necessary.

24. *Excess Grants.*—The Committee recommended that excess grants should be voted by the Legislature in all the cases mentioned in paragraph 45 of the Audit Report.

25. *Loss or gain by exchange.*—In connection with paragraph 50 of the Audit Report it was explained that the standard rate of 1s. 6d. was used for the purpose of accounting for individual transactions. The market rates, however, represented the amount actually spent and the difference was accounted for in one item.

26. *Budgeting and control of expenditure.*—Mr. Satyamurti drew attention to the statement made in paragraph 52 of the Audit Report that in accordance with the standing instructions excesses should only "in the last resort" be met by supplementary grants. He suggested that it would be preferable for departments to apply for supplementary grants rather than reduce desirable expenditure in order to obtain savings. It was explained, however, that when items are met by reappropriation this does not ordinarily involve deliberate postponement of other items included in the original budget; in most cases the amount reappropriated represents casual savings.

27. *Delay in the presentation of claims.*—In connection with paragraph 53 of the Audit Report it was pointed out that in the case of private creditors departments could not be expected in most instances to obtain information regarding their intentions in respect of the presentation of claims. In the case of claims between Government departments or offices, however, it was certainly desirable, as the Committee had already noted in connection with the Railway Accounts, that there should be a greater degree of collaboration.

28. *Delay in receipt of stores.*—In connection with the suggestion made on this subject in the same paragraph of the Audit Report the Committee agreed that it was not desirable to ask departments not to place orders for purchase during the closing months of the year, if such purchases were otherwise necessary, merely in order to avoid variations in the accounts.

29. *Funds created from revenue surpluses.*—It was explained that considerable expenditure was now being incurred from the funds for the development of civil aviation and the development of broadcasting. As regards the fund for economic development and improvement in rural areas the Committee were informed that the Government of India had now decided not to place further grants at the disposal of the Provinces unless they were satisfied that the money was likely to be spent within a reasonable period. The main purpose of this restriction was to stimulate

the Provincial Governments to formulate their schemes without unnecessary delay, and there was no intention of diverting for other purposes any portion of the amounts which had been credited to the fund.

30. *Grant no. 25—Interest on Ordinary Debt.*—In connection with the "Important Comment" on the loss of Government money by fraud the Chairman stated that an appeal was being made to the Privy Council. If the appeal failed it would probably be necessary to provide for the signing of indemnity bonds in such cases, and it might be necessary to amend the Act.

31. *Provision for reduction or avoidance of debt.*—Some members of the Committee suggested that the provision of three crores which is at present made annually for this purpose is not sufficient. The Chairman stated that he agreed with this view and that the question was now being reconsidered.

32. *Grant no. 27—Staff, Household and Allowances of the Governor-General.*—The Committee noted that the savings in the provision for "State conveyances and motors" were stated to have been carried forward to the next year. They considered that these savings should have been surrendered, and they wished the procedure adopted in such cases to be investigated.

33. *Grant no. 36—Finance Department.*—The Committee considered that the Finance Department might have foreseen at the budget stage some of the events which occasioned a supplementary appropriation under the head A. 1 "Pay of Officers"—non-voted.

The Committee adjourned at 1-30 p.m.

Proceedings of the ninth meeting of the Public Accounts Committee held on Tuesday, the 27th of July 1937, at 2-45 p.m.

PRESENT :

The Hon'ble Mr. J. C. NIXON, C.S.I., C.I.E.,
I.C.S., Finance Member.

Chairman.

Mr. B. DAS.

Professor N. G. RANGA.

Captain Sardar Sir SHER MOHAMMAD KHAN,
Kt., C.I.E., M.B.E.

Mr. S. SATYAMURTI.

Maulvi Sir MOHAMMAD YAKUB, Kt.

Bhai PARMA NAND.

Dr. R. D. DALAL, C.I.E.

Khan Bahadur Sir ABDUL HAMID, Kt.,
C.I.E., O.B.E.

Khan Bahadur Shaikh FAZL-I-HAQ PIRACHA.

Members.

Mr. A. J. RAISMAN, C.I.E., I.C.S., Finance Secretary.

Mr. T. K. RAJAGOPALAN, Accountant-General, Central Revenues (representing the Auditor-General).

Witnesses.

34. *Grant no. 43—Audit.*—The Accountant-General, Central Revenues, stated that he had not obtained explanations in respect of some of the variations since they were within the limits specified in Part II of the Audit Report. The Committee hoped that the use of these limits would not be allowed to prevent matters of principle from being explained in the comments.

35. *Secret Service expenditure.*—The Committee desired that the Finance Department should satisfy themselves that the amount which is placed at the disposal of the Secretary of State for this purpose is still necessary.

36. *Grant no. 71—Currency.*—It was explained that the expenditure under head C. 1 (4) "Supplies and Services" depended upon the demand for currency notes which could not be foreseen. In the year under report there had been an increase in this demand partly owing to an improvement in trade and partly owing to the discontinuance of the practice of reissuing used notes which had been introduced temporarily as a measure of economy. In this connection a member of the Committee enquired why one rupee notes were no longer issued. The Chairman stated that these notes had been withdrawn as a measure of retrenchment since it had been found that owing to the shortness of the period for which they could be used they were considerably more expensive than silver coins.

37. *Stocks of silver coin and bullion.*—There was considerable discussion on the question whether it is necessary to retain the existing stocks of silver rupees and bullion. Some members of the Committee considered that these reserves were *prima facie* excessive. The Chairman, however, assured the Committee that the matter had the constant attention of the Finance Department and explained that it was necessary to hold considerable reserves in case there should again be a large absorption of silver coinage such as had occurred between 1916 and 1920. In this connection two members stated that, subject to the necessary safeguards, they saw no objection in a reduction in the present silver content of the rupee.

38. *Silver Redemption Reserve.*—The history and purpose of this reserve were explained, and the Chairman stated that in accordance with a recent decision any deficiency in the reserve resulting from depreciation in the value of the securities would not be made up from revenue, as was suggested by paragraph 12 of the Home Auditor's report on the accounts of the Secretary of State.

39. *Defalcations in treasuries.*—In connection with the "Important Comments" under Grant no. 71 it was explained that the Government of India would no longer be concerned with defalcations in provincial treasuries since all the money in such treasuries now belongs to the Provincial Governments.

40. *Secretary of State's balances at the Bank of England.*—The Committee wished to be informed whether it was still necessary for the Secretary of State to keep an account with the Bank of England and

whether this account should not now be transferred to the Reserve Bank. They also wished the Finance Department to consider whether the amount now prescribed as a minimum balance could not be further reduced.

41. *Grant no. 74—Superannuation Allowances and Pensions.*—The Accountant-General, Central Revenues, explained that formerly, when the commuted value of pensions was met from revenue, commutations were frequently refused on account of lack of provision in the budget, and it had been decided that such payments should be charged to capital in order to avoid delay. The Committee were doubtful, however, whether the existing procedure is really sound, and the Chairman stated that the question was under consideration.

42. *Grant no. 76-E.—Transfer to Fund for Sind and Orissa Buildings.*—It was explained that the whole of the amount shown under this Grant had not yet been spent, but that the balance had been transferred to the Provinces so conditioned that it would in fact be spent on buildings by the Provincial Governments concerned.

43. *Grant no. 86—Secretary of State's expenditure.*—The Committee were of opinion that all agency functions should now be undertaken by the High Commissioner on behalf of the Government of India unless there are very strong administrative or financial reasons for continuing the agency of the India Office, and they presumed that if all agency functions were transferred as proposed the remaining total expenditure of the India Office would be borne by His Majesty's Government.

44. *Expenditure at Jeddah.*—In connection with head E. 12 in Grant no. 86 the Committee wished to be supplied with further information regarding the staff maintained at Jeddah in connection with Indian pilgrims in order that they might be satisfied that India obtains full value for this expenditure.

45. *Expenditure on emergency measures at Aden.*—The Committee considered that on the evidence available the item of £4,000 mentioned in paragraph 23 of the Home Auditor's report on the Secretary of State's accounts should have been regarded as a "new service".

The Committee adjourned at 5 p.m.

Proceedings of the tenth meeting of the Public Accounts Committee, held on Wednesday, the 28th of July, at 11 a.m.

PRESENT :

The Hon'ble Mr. J. C. NIXON, C.S.I., C.I.E., I.C.S., Finance Member,
Chairman.

Mr. B. DAS.

Professor N. G. RANGA.

Captain Sardar Sir SHER MOHAMMAD KHAN,
Kt., C.I.E., M.B.E.

Mr. S. SATYAMURTI.

Maulvi Sir MOHAMMAD YAKUB, Kt.

Bhai PARMA NAND.

Dr. R. D. DALAL, C.I.E.

Khan Bahadur Sir ABDUL HAMID, Kt., C.I.E.,
O.B.E.

Members.

Mr. A. H. LLOYD, C.S.I., C.I.E., I.C.S.,
Member, Central Board of Revenue.

Mr. J. F. SHEEHY, I.C.S., Member, Central
Board of Revenue.

Sir ERNEST BURDON, K.C.I.E., C.S.I., I.C.S.,
Auditor-General.

Mr. T. K. RAJAGOPALAN, Accountant-
General, Central Revenues.

Mr. A. J. RAISMAN, C.I.E., I.C.S., Finance Secretary.

Witnesses.

46. *Grant no. 16-Customs.*—A member of the Committee drew attention to the large payments to Indian States shown under head B of this Grant. It was explained that under the original agreement relating to the construction of Cochin Port the net customs revenue was shared equally between the three interested parties, namely, the Government of India and the States of Cochin and Travancore. It had recently been agreed, however, that in view of the expansion of the port Cochin and Travancore should only receive one-third of the revenue up to a maximum of Rs. 20½ lakhs and Rs. 16½ lakhs respectively, and that the Government of India should retain the bulk of receipts in excess of the amount required to provide these maxima.

The Committee wished it to be considered whether these customs and other assignments and compensations should not be treated as deductions from revenue instead of expenditure, since the present system results in a large increase in the figures for total expenditure in the Customs Department and might give a wrong impression of the cost of collecting customs revenue.

47. *Excise duties on sugar and matches.*—In connection with the variations under heads D and E of the same Grant it was explained that the Government of India at present use the agency of the Provinces for the collection of the excise duties on sugar and matches, and are therefore to a large extent at the mercy of the Provincial Governments in the matter of the control of expenditure. The question had, however, recently been reviewed, and it was hoped that in future it would be possible to arrange for the collection of most of this revenue through a central agency.

48. *Grant no. 17-Taxes on Income.*—In connection with head B of this Grant it was explained that action had already been taken on some of the recommendations made by the Expert Advisers on Income-tax, but action on the more important recommendations had been delayed pending the receipt of the opinions of the Provincial Governments and others. The majority of the Provincial Governments had not yet replied to the communication addressed to them on the subject. In reply to a question asked by Dr. Dalal it was stated that the total cost of the enquiry had been approximately Rs. 87,000.

A member of the Committee drew attention to Note 2 in which it was stated that savings had occurred under one sub-head and excesses under two other sub-heads in each of the last three years. The Committee presumed that the Finance Department would take this comment into consideration in framing the budget for next year.

The Committee noted that the supplementary grant voted by the Assembly had proved to be unnecessary. In this connection they hoped that when supplementary grants are submitted late in the financial year the departments concerned will consult the latest figures obtainable in order to assure themselves that the progress of actuals does not necessitate a modification in the amount of the demand. They suggested that this point might be brought to the notice of all departments.

49. *Grant no. 18-Salt.*—In connection with the statement of expenditure on works in the Northern India Salt Revenue Department the Committee noted that only a part of the expenditure incurred in connection with the installation of a crushing and screening plant at Khewra had been met from the supplementary grant obtained for the purpose. They considered that when it is intended to meet part of the cost of an item of this kind from savings this fact should be made known to the Legislature.

A member of the Committee drew attention to the "Important Comment" to the effect that the control of expenditure in the Madras Circle had not improved during the year as much as had been hoped. Mr. Lloyd stated that he had already drawn the attention of the authorities concerned to this comment, and that the matter would certainly be followed up.

In connection with the Commercial Accounts of the Salt Revenue Department there was considerable discussion on the question of competition between supplies of salt obtained from various sources. It was explained that the areas covered by the various types of salt depended mainly on freight charges. In practice Northern India salt was nowhere in direct competition with Madras salt; it was salt imported from Aden and elsewhere overseas that was used in the northern part of Orissa to the exclusion of salt from the Ganjam and northern Madras factories, which supply the southern part of Orissa.

50. *Grant no. 19-Opium.*—In connection with the saving under head B of this Grant it was explained that under the agreements made with the Malwa States they cultivate only a certain area of opium. In the year in question climatic conditions had prevented their producing the full amount which would normally be obtained from that area.

The saving under head D-4 was due to the fact that in accordance with the undertaking given by the Government of India exports of opium to the Far East were due to cease with effect from the 31st of December 1935, and some of the former purchasers of Indian opium had not required the last consignments reserved for them as they had already arranged for supplies from Iran. In reply to a question asked by one of the members it was stated that the consumption of opium in India was under the control of the Provincial Governments, but statistics showed that there had been some decrease in consumption during recent years.

In connection with the suggestion made in Note 1, that in view of the large saving under head B the grant appeared to be susceptible of closer estimating, it was explained that some of the States which were entitled to draw advances in respect of their opium had decided not to do so. The question whether earlier information could be obtained regarding the intentions of the States in this matter was being considered.

[23RD AUG. 1937.]

The Committee observed from the statement given in paragraph 139 of the Commercial Appendix that in spite of the cessation of the manufacture of opium for export the expenditure in connection with Opium Factory at Ghazipur had been higher in 1935-36 than in previous years. They desired that the Central Board of Revenue should examine the possibility of securing a reduction in expenditure corresponding with the reduction in the output of the factory.

51. *Grant no. 41-Central Board of Revenue.*—In connection with the additional expenditure under the head "A.—Pay of Officers" it was explained that a temporary additional Member of the Board had been required mainly in connection with the negotiations with the Indian States.

The Committee adjourned at 1-20 p.m.

Proceedings of the eleventh meeting of the Public Accounts Committee held on Wednesday, the 28th of July 1937, at 2-30 p.m.

PRESENT :

The Hon'ble Mr. J. C. NIXON, C.S.I., C.I.E., I.C.S., Finance Member,
Chairman

Mr. B. DAS.

Professor N. G. RANGA.

Captain Sardar Sir SHER MOHAMMAD KHAN,
Kt., C.I.E., M.B.E.

Mr. S. SATYAMURTI.

Maulvi Sir MOHAMMAD YAKUB, Kt.

Bhai PARMA NAND.

Dr. R. D. DALAL, C.I.E.

Khan Bahadur Sir ABDUL HAMID, Kt., C.I.E.,
O.B.E.

Khan Bahadur Shaikh FAZL-I-HAQ PIRACHA.

Mr. J. A. MACKEOWN, I.C.S., Joint Secretary,
Department of Industries and Labour.

Mr. A. S. BOKHARI, Controller of Broadcast-
ing.

Mr. R. A. HALPHIDE, M.B.E., Controller,
Printing and Stationery.

Sir ERNEST BURDON, K.C.I.E., C.S.I., I.C.S.,
Auditor-General.

Mr. T. K. RAJAGOPALAN, Accountant-General,
Central Revenues.

Mr. A. J. RAISMAN, C.I.E., I.C.S., Finance Secretary.

52. *Order of Business.*—The Committee requested that in future if a department was to be represented by more than one officer and desired

Members.

Witnesses.

that the grants with which a particular officer was concerned should first be considered, information should be given in advance to the Committee regarding the order in which it was wished to deal with the grants.

53. *All-India Radio.*—In connection with the financial review given in the Commercial Appendix there was considerable discussion regarding the loss on radio publications. It was explained that the rates for advertisements in the *Indian Listener* had been nearly doubled since the end of 1935-36, and that the department had recently called for tenders and accepted a contract for printing the *Listener* in Delhi at greatly reduced rates for printing. It was further explained that their policy was to take only technical advertisements, since otherwise they would be in competition with the ordinary press. Some members of the Committee doubted the justification for this restriction, and it was agreed that the question whether additional revenue could be obtained from advertisements should be further considered.

54. *Grant no. 74-Stationery and Printing.*—The Committee noted that the deduction on account of probable savings (head G.-11) was stated to have been "only partially realised". They considered that it would be more helpful if in such cases the Accountant-General would indicate the amount which had in fact been realised.

The fact that the supplementary demand submitted in connection with this Grant had proved to be unnecessary was noted as reinforcing the suggestion made at the previous meeting that departments should be reminded of the importance of examining the latest figures of actual expenditure before placing a supplementary demand before the Legislature.

55. *Calcutta Presses.*—There was some discussion in connection with the figures of expenditure on the various Presses given on page 218 of the Commercial Appendix. The Committee wished the Industries and Labour Department to investigate whether, in view of the transfer of most of the work to Delhi, it was now necessary to retain any press organisation at Calcutta. They presumed that in any case there would be a diminution of the cost of the Calcutta Press in subsequent years.

The Committee noted that no decision had yet been reached on the question of amalgamating the Hastings Street and Dharamtala Presses which was raised in the report on the accounts for 1934-35. They deprecated the delay and hoped that it would at least be possible to submit a report on this subject next year.

56. *Central Publication Branch.*—The Committee desired that the index of publications issued from time to time by this Branch should be supplied to the members of the Legislature. Certain members of the Committee were of opinion that all members of the Legislature should be entitled to obtain free of cost any of the publications shown in the index which they might require.

57. *Ecclesiastical.*—In connection with item 11 in the statement of action taken on previous recommendations (appendix I) it was stated that the report of the departmental committee had been considered, but that before reaching a decision on the subject Government considered it necessary to hold a census of entitled persons. The Committee deprecated the delay and hoped that the question would be settled at an early date.

58. *Public Works*.—Item 15 in the statement of action taken on previous recommendations was first considered. It was explained that if the Central Government did not allow the Provincial Public Works Departments to execute some capital works, they might refuse to do the maintenance work in connection with outlying central buildings which could not be economically maintained by the Central Public Works Department. The Government of India would, however, do their best to persuade the Provinces to agree to let them use the Central Public Works Department in cases where this would be more economical for the Central Government.

The Chairman then read out a note on the general question of the control of works expenditure. This was briefly discussed, but it was decided that further consideration of the question should be postponed until the following afternoon.

The Committee adjourned at 5-15 p.m.

Proceedings of the twelfth meeting of the Public Accounts Committee held on Thursday, the 29th of July 1937, at 11 a.m.

PRESENT :

The Hon'ble Mr. J. C. NIXON, C.S.I., C.I.E., I.C.S., Finance Member,
Chairman.

Mr. B. DAS.

Captain Sardar Sir SHER MOHAMMAD KHAN,
Kt., C.I.E., M.B.E.

Mr. S. SATYAMURTI.

Maulvi Sir MOHAMMAD YAKUB, Kt.

Bhai PARMA NAND.

Dr. R. D. DALAL, C.I.E.

Khan Bahadur Sir ABDUL HAMID, Kt., C.I.E.,
O.B.E.

Khan Bahadur Shaikh FAZL-I-HAQ PIRACHA.

Mr. S. N. ROY, C.I.E., I.C.S., Secretary,
Industries and Labour Department.

Mr. F. TYMMS, C.I.E., M.C., Director of
Civil Aviation.

Dr. C. W. B. NORMAND, Director-General of
Observatories.

Sir JAMES PITKEATHLY, Kt., C.M.G., C.I.E.,
C.V.O., C.B.E., D.S.O., Chief Controller
of Stores, Indian Stores Department.

Sir ERNEST BURDON, K.C.I.E., C.S.I., I.C.S.,
Auditor-General.

Mr. T. K. RAJAGOPALAN, Accountant-General,
Central Revenues.

Members.

Witnesses.

Mr. ISHWAR DAYAL, Audit Officer, Indian Stores Department.

Mr. A. J. RAISMAN, C.I.E., I.C.S., Finance Secretary.

59. *Grant no. 63-Aviation*.—In connection with the additional expenditure under heads A-1, A-2 and A-3 it was explained that additional posts had to be created in the course of the year owing to unforeseen increases in air services. During the year under report Imperial Airways had duplicated their services on one month's notice, and the services of the K. L. M. and Messrs. Tatas and Indian National Airways had also been duplicated.

It was also explained, in connection with the comment under head A-4, that the contract made with Indian National Airways on account of the operation and maintenance of aircraft belonging to the Government of India would expire in December 1937, and thereafter different arrangements would be made. Consequently the payment to Indian National Airways on this account would cease after the current year.

60. *Grant no. 63-B-Expenditure from the Fund for Development of Civil Aviation*.—It was explained that the large savings had been due to the fact that, owing to the circumstances in which the creation of the special fund was sanctioned, it had not been possible to work out fully the details of the various schemes before the submission of the supplementary estimate. Mr. Tymms added that the accounts for 1936-37 would also probably show considerable variations under this head. The Committee recommended that if this should prove to be the case the Finance Department should consider the desirability of making a lump cut in future estimates.

The Committee also deprecated the fact that it had not been possible to spend any portion of the provision of Rs. 1,20,000 made under head "B.—Meteorological". They agreed that allowance must be made for the fact that this was the first year in which expenditure had been incurred from the special fund, but they hoped that in future years it would be possible to budget more accurately.

In connection with paragraph 3 of the "Important Comments" the Chairman explained that it had since been decided that the approval of the Legislature should be obtained for all new works of any magnitude which it was proposed to finance from the fund.

61. *Grant no. 49-Meteorology*.—The Committee noted that the variations under several heads of this Grant were due to the same circumstances as had caused variations in the Civil Aviation Grants.

62. *Indian Stores Department, London*.—In connection with item 12 in the statement of action taken on previous recommendations the Chief Controller of Stores stated that he had completed his report on the Indian Stores Department, London, and it would shortly be submitted for the orders of Government.

63. *Use of the Indian Stores Department by the Railways and the Defence Department*.—Mr. Satyamurti asked the Chief Controller of Stores whether he was satisfied that the Railways and the military authorities were buying as much as possible from the Indian Stores Department. Sir James Pitkeathly stated that so far as the Railways were concerned he was satisfied with the position. In the case of State Railways the turnover had increased from 278 lakhs in 1935-36 to 330 lakhs in 1936-37,

and in the case of Company-managed Railways from about 7 lakhs to over 28 lakhs. There had not been so large an increase in the case of the Defence Department but, as with the Railways, there was a standing arrangement that purchases would be made through the Stores Department in all cases where this could be proved to be advantageous. He did not consider it desirable to take over the purchase of foodstuffs from the Defence Department. The Committee hoped that Government would continue the policy of giving work in connection with both the Railways and the Army to the Indian Stores Department so far as circumstances permit.

64. *Government Test House*.—In connection with the income and expenditure account of the Government Test House published under Grant no. 70—"Indian Stores Department", a member of the Committee enquired whether the expenditure on establishment could not be reduced. The Chief Controller explained that in view of the nature of the work done at the Test House it could not be expected to show a profit, and he also stated that the accounts of the corresponding organisation in England showed that a similar proportion of the total expenditure was incurred on staff.

The Committee adjourned at 1-20 p.m.

Proceedings of the thirteenth meeting of the Public Accounts Committee held on Thursday, the 29th of July 1937, at 2-45 p.m.

PRESENT :

The Hon'ble Mr. J. C. NIXON, C.S.I., C.I.E., I.C.S.,
Finance Member.

Chairman.

Mr. B. DAS.

Captain Sardar Sir SHER MOHAMMAD KHAN,
Kt., C.I.E., M.B.E.

Mr. S. SATYAMURTI.

Maulvi Sir MOHAMMAD YAKUB, Kt.

Bhai PARMA NAND.

Dr. R. D. DALAL, C.I.E.

Khan Bahadur Sir ABDUL HAMID, Kt., C.I.E.,
O.B.E.

Khan Bahadur Shaikh FAZL-I-HAQ PIRACHIA.

Mr. J. A. MACKEOWN, I.C.S., Joint Secretary,
Department of Industries and Labour.

Sir ERNEST BURDON, K.C.I.E., C.S.I., I.C.S.,
Auditor-General.

Mr. T. K. RAJAGOPALAN, Accountant-General,
Central Revenues.

Mr. A. J. RAISMAN, C.I.E., I.C.S., Finance Secretary.

Members.

Witness.

65. *Grant no. 73—Civil Works*.—In connection with the provision shown under head A-1 (1) (non-voted) the Committee considered that

on the evidence available there was no ostensible urgency to justify the incurring of the expenditure in question during the course of the year.

It was admitted that the saving under head A-2 (1) was partly due to the fact that the Finance Department had included items in the budget without ascertaining from the Public Works Department how much of the total expenditure they would be able to incur during the financial year. The Committee deprecated this procedure, and hoped that in future the Finance and other Departments would invariably obtain the opinion of the technical Department before making budget provision for any works projects.

66. *Works expenditure outside the control of the Central Public Works Department*.—In connection with the items relating to Baluchistan it was explained that these works are carried out by the Military Engineering Service, and the Central Public Works Department have therefore nothing to do with the expenditure. The Committee suggested that it should be considered whether the Civil Works Grant should not in future be confined to works which are actually under the control of the Industries and Labour Department, other items being included in the Grants relating to the Departments or Administrations concerned.

67. *Qualifications of engineering staff*.—There was some discussion regarding the number and qualifications of the engineering officers at present employed in the Central Public Works Department. A majority of the Committee considered that Government should satisfy themselves afresh as regards the justification for the present numbers and qualifications of the officers concerned with the types of work (e.g., Civil Aviation and Public Health) at present undertaken in the temporary P. W. D. Circles.

68. *Grants for expenditure on Road Development*.—It was explained that in view of the revised procedure which had recently been introduced the large variations noted in connection with the provision for this expenditure would not occur in future years.

69. *Establishment Charges*.—In connection with paragraph 9 of the "Important Comments" it was explained that the necessity for reappropriating funds to the sub-heads "Establishments" and "Tools and Plant" did not mean that extra establishment had actually been employed, but was due to a reduction in the works expenditure of other Departments, especially Civil Aviation, and the consequent reduction in the amount of establishment charges recoverable by the Public Works Department. The Committee desired that the Government of India should examine whether, in view of the curtailment of capital expenditure on civil aviation during the year under report, the staff employed in the Public Works Department in this connection had not been larger than was actually required.

70. *Disposal of Central Government building*.—It was stated that the Industries and Labour Department had now received an offer of Rs. 1,40,000 for the building mentioned in paragraph 11 of the "Important Comments".

71. *Government property in New Delhi*.—In connection with paragraph 12 of the "Important Comments" the Committee recommended, on the suggestion of the Auditor-General, that Government should examine

whether they have yet in existence fully adequate and properly systematised arrangements for the revenue and financial administration of Government lands and other properties in New Delhi, and should furnish the Committee with a report on the subject including a description of the arrangements in force or contemplated and the staff and machinery employed.

72. *Grant no. 97—Delhi Capital Outlay.*—The Committee suggested that if any further expenditure had to be incurred on New Delhi which is not of a clearly remunerative character it should be charged to revenue and not to capital. They further recommended that so long as the Delhi Capital Grant exists the Finance Department should consider the advisability of making a lump cut in the estimates on account of probable savings. Certain members of the Committee considered that the practice of imposing lump cuts should be applied to all works grants.

73. *Grants nos. 22 and 90—Irrigation.*—The Committee recommended that Government should consider whether these Grants could not be amalgamated in view of the fact that the net charge to capital under Grant no. 90 for 1935-36 was nil. It was suggested that other similar cases should also be investigated.

A few members of the Committee considered that the reason for the Ajmer-Merwara irrigation schemes being unremunerative was the exorbitant charges levied from the cultivators, and they desired that Government should examine the possibility of obtaining more revenue through a reduction in these charges.

74. *Control over works expenditure.*—The Committee then resumed the consideration of the note which had been circulated by the Chairman on the previous afternoon. Mr. Mackeown indicated that provided the proposed procedure was intended to apply only to major works it would probably be welcomed by the Industries and Labour Department. After some further discussion the Committee decided to postpone the formulation of their recommendations on the subject to a later meeting.

The Committee adjourned at 6 p.m.

Proceedings of the fourteenth meeting of the Public Accounts Committee held on Friday, the 30th of July 1937, at 11 a.m.

PRESENT :

The Hon'ble Mr. J. C. NIXON, C.S.I., C.I.E., I.C.S.,
Finance Member.

Chairman.

Mr. B. DAS.

Captain Sardar Sir SHER MOHAMMAD KHAN,
Kt., C.I.E., M.B.E.

Mr. S. SATYAMURTI.

Maulvi Sir MOHAMMAD YAKUB, Kt.

Bhai PARMA NAND.

Dr. R. D. DALAL, C.I.E.

Khan Bahadur Sir ABDUL HAMID, Kt., C.I.E.,
O.B.E.

Khan Bahadur Shaikh FAZL-I-HAQ PIRACHIA.

Members.

Lieutenant-Colonel A. E. B. PARSONS, C.B.E.,
D.S.O., Secretary, External Affairs
Department.

Mr. V. NARAHARI RAO, C.I.E., Additional
Deputy Secretary, Political De-
partment, and Crown Finance Officer.

Mr. G. K. S. SARMA, Under Secretary,
External Affairs Department.

Mr. E. C. PRICE, Finance Secretary,
Government of the North-West Frontier
Province.

Witnesses.

Sir ERNEST BURDON, K.C.I.E., C.S.I., I.C.S.,
Auditor-General.

Mr. T. K. RAJAGOPALAN, Accountant-General,
Central Revenues.

Mr. A. J. RAISMAN, C.I.E., I.C.S., Finance Secretary

75. *Grant no. 31—Foreign and Political Department.*—There was some discussion regarding the large increase in expenditure on pay of officers during the course of the year, and some members of the Committee suggested that the Foreign and Political Department now appeared to be over-staffed. It was explained that the increase had been due to special work in connection with the new constitution, and that the Finance Department had accepted the necessity for the additional posts.

76. *Grant no. 56—Education.*—The Committee doubted whether the grants made to the Chiefs' Colleges were a legitimate charge on the revenues of the Central Government, and desired that the Government should examine this question.

77. *Grant no. 79—Baluchistan.*—The Committee noted that the total revenue obtained by the Central Government from Baluchistan amounted to less than Rs. 20 lakhs whereas the expenditure (including the cost of "frontier watch and ward") amounted to about Rs. 80 lakhs. Some members suggested that a special enquiry might be instituted to consider the possibility of increasing the revenue. The Foreign Secretary pointed out that in view of the nature of the country there was little scope for expansion in connection with most of the revenue heads. He added, however, that the possibility of increasing the land revenue was being considered, both in connection with the small area which was irrigated from the Sukkur Barrage and in connection with the impending resettlement of certain other areas.

In connection with the head "K.—Famine Relief" (Account XII) the Committee wished the Finance Department to examine whether the whole of this expenditure had in fact been incurred on famine relief, and whether it had been correctly classified as non-voted.

The "Important Comments" under this Grant led to a discussion regarding the distribution between civil and military of the expenditure incurred in connection with the Quetta earthquake. It was explained that in view of the special circumstances it had not been possible to obtain vouchers regarding the details of the expenditure incurred in the first instance by the military authorities, but the total amount had been divided

between civil and military in proportion to the numbers of civil and military personnel who had had to be evacuated. There was no reason to believe that the civil estimates had been charged with more than their fair share of the expenditure. The Committee accepted this explanation.

78. *Political*.—The Committee noted that the number of modifications in the original estimates under this Appropriation had been exceptionally high. It was explained that this was partly due to special circumstances, and that more accurate budgeting should be possible in future years.

A member of the Committee drew attention to the note recorded under the previous recommendation (item 9 in the statement printed as appendix I) "that the question of the incidence of Persian Gulf expenditure should be considered". The Chairman stated that the question had recently been under consideration, and that he hoped that a satisfactory solution was in sight.

In connection with this Appropriation the Committee also considered the previous recommendation (item 9 in the statement) "that the question of the incidence of Persian Gulf expenditure should be considered". The Chairman stated that the question had recently been under consideration, and that he hoped that a satisfactory solution was in sight.

With reference to paragraph 1 of the "Important Comments" the Committee wished the Finance Department to look into the situation in order to see whether the Government of India are sufficiently protected in such cases.

79. *Frontier Watch and Ward*.—The Committee noted that there had been a variation of no less than 47.5 per cent. between the budget provision and the actual expenditure on works. It was explained that this was mainly due to the fact that the Government of the North-West Frontier Province had originally proposed to finance the construction of a number of roads from the special fund of Rs. 25 lakhs for frontier expenditure. The Government of India had, however, decided that the fund must be reserved for a particular road of special importance and must not be frittered away on the construction of comparatively minor roads. A majority of the Committee deprecated the charging of the expenditure on the minor roads to revenue instead of to the fund as had been contemplated when the budget was framed.

80. *Unauthorised Funds*.—In connection with paragraph 9 of the "Important Comments" under "Frontier Watch and Ward" and item 10 in the statement of action taken on previous recommendations it was explained that all the unauthorised Khassadar and other funds which had been discovered had now been closed and the balances had been credited to Government. The audit authorities had not, however, been able to complete their audit in North and South Waziristan and at Bannu owing to the present military operations. The Auditor-General stated that adequate measures were now being taken to deal with such irregularities, but he would not be able to certify that he was completely satisfied with the position until he had had another two years experience of the results of the stricter audit control which was now being enforced.

The Committee adjourned at 1.45 p.m.

Proceedings of the fifteenth meeting of the Public Accounts Committee held on Friday, the 30th of July 1937, at 3 p.m.

PRESENT :

The Hon'ble Mr. J. C. NIXON, C. S. I., C.I.E., I.C.S., *Chairman*.
Finance Member.

Mr. B. DAS

Professor N. G. RANGA.

Captain Sardar Sir SHER MOHAMMAD KHAN,
Kt., C.I.E., M.B.E.

Mr. S. SATYAMURTI.

Maulvi Sir MOHAMMAD YAKUB, Kt.

Bhai PARMA NAND.

Dr. R. D. DWIVEDI, C.I.E.

Khan Bahadur Sir ABDUL HAMID, Kt., C.I.E.,
O.B.E.

Khan Bahadur Shaikh FAZIL-HAQ PIRACHA.

Mr. G. H. SPENCE, C.S.I., C.I.E., I.C.S.,
Secretary, Legislative Department.

Mr. A. J. RAISMAN, C.I.E., I.C.S., Finance
Secretary.

Sir ERNEST BURDON, K.C.I.E., C.S.I., I.C.S.,
Auditor-General.

Mr. T. K. RAJAGOPALAN, Accountant-General,
Central Revenues.

Members.

Witnesses.

81. *Grant no. 76—Miscellaneous*.—The Committee discussed the expenditure incurred in connection with the League of Nations. Mr. Spence explained that in 1925 India had paid 56 units out of a total of 937, and as a result of various reductions the proportion was now 49 units out of 935. There had, however, been a very much more substantial decrease in actual expenditure than would be suggested by these figures. This was due to the recent devaluation of the Swiss franc. As against Rs. 14,81,000 in 1935 and Rs. 13,93,000 in 1936 India's total contribution for 1937 would be Rs. 10,04,000.

82. *Frontier Watch and Ward*.—In connection with paragraph 10 of the "Important Comments" under this Appropriation the Auditor-General stated that his department must accept a part of the responsibility for the loss. The accounts and audit staff in Peshawar were not yet up to the normal standard. This was mainly due to the rule regarding local recruitment which had made it necessary to fill up the Comptroller's office with untrained and inexperienced personnel. Special measures were, however, being taken to deal with the situation, and it was hoped that accounting mistakes would in future be less frequent.

83. *Grant no. 87—High Commissioner's expenditure*.—A member of the Committee drew attention to the expenditure on audit establishment in

London shown under head G. of this Grant. The Auditor-General stated that he had no reason to believe that the establishment employed was excessive according to the system adopted. Under the new Government of India Act, however, he would have more control over such expenditure since any alterations in staff would have to be referred to the Government of India. He added that if officers of the Indian Audit and Accounts Service were posted to the establishment of the Auditor of Indian Home Accounts it would probably be more expensive than the existing arrangement.

84. *Grant no. 88—Capital Outlay on Security Printing and Grant no. 93—Currency Capital Outlay.*—It was agreed that the Finance Department and the Auditor-General should consider whether these Grants need be retained in future years.

85. *Grant no. 98—Interest Free Advances.*—A member of the Committee drew attention to the fact that supplementary demands had been submitted in connection with this Grant in three successive years. It was explained that the items relating to coinage accounts depended on the extent of the demand for new coin, which could not be foreseen, and the Auditor-General stated that in view of the nature of the expenditure he agreed with the controlling authority that the Grant was not susceptible of accurate estimation.

86. *Grant no. 99—Loans and Advances bearing Interest.*—It was explained that the scope of this Grant would be reduced in future years, since the Provincial Loans Fund had been closed and orders had been issued for the discontinuance of most of the loans and advances previously granted to Government servants.

87. *Functions of the Public Accounts Committee under the new constitution.*—Mr. Satyamurti asked whether under the new Government of India Act the expenditure incurred on the Political, External Affairs, Defence and Ecclesiastical Departments would cease to come before the Public Accounts Committee. It was explained that only the expenditure incurred in the Political Department, which amounted to a little over a crore, would be removed from the purview of the Committee. The position was clearly explained by sections 169 and 171 of the Government of India Act, 1935, which prescribe that the reports of the Auditor-General on the accounts of the Federation shall be laid before the Federal Legislature, and that he shall make a separate report to the Secretary of State with regard to the accounts relating to the discharge of the functions of the Crown in its relations with Indian States. So far as the Committee were concerned the expenditure incurred in the External Affairs, Defence and Ecclesiastical Departments would be treated in the same way as non-voted expenditure under the old constitution.

88. *Control over works expenditure.*—The Committee then resumed the consideration of the note on this subject which had been circulated by the Chairman. After some discussion they expressed general approval of the procedure suggested in the note, and decided to recommend that the Government of India should consider the suggestions contained in it (The note as modified after discussion in the Committee is printed as appendix VI.)

The Committee adjourned at 5 p.m.

Proceedings of the sixteenth meeting of the Public Accounts Committee held on Monday, the 2nd of August 1937, at 11 a.m.

PRESENT :

The Hon'ble Mr. J. C. NIXON, C.S.I., C.I.E., I.C.S., Finance Member.	Chairman.
Mr. B. DAS.	Members.
Professor N. G. RANGA.	
Sirdar JOGENDRA SINGH.	
Captain Sardar Sir SHER MOHAMMAD KHAN, Kt., C.I.E., M.B.E.	
Mr. S. SATYAMURTI	
Maulvi Sir MOHAMMAD YAKUB, Kt.	
Bhai PARMA NAND.	
Dr. R D DALAL, C.I.E.	Witnesses.
Khan Bahadur Sir ABDUL HAMID, Kt., C.I.E., O.B.E.	
Khan Bahadur SHAIKH FAZL-I-HAQ PIRACHA	
Mr. R. S. PURSELL, C.I.E., O.B.E., Director- General, Posts and Telegraphs	
Mr. GHULAM MOHAMMAD, Finance Officer, Posts and Telegraphs.	
Mr. A. BROKENSHAW, Chief Engineer, Posts and Telegraphs.	
Mr. T. R. SADASIVAM, Deputy Director- General. (Finance) Posts and Tele- graphs.	
Sir ERNEST BURDON, K.C.I.E., C.S.I., I.C.S., Auditor-General.	
Mr. B. NEHRU, Accountant-General, Posts and Telegraphs.	
Mr. A. J. RAISMAN, C.I.E., I.C.S., Finance Secretary.	

89. *Private Secretary to H. E. the Viceroy's Press.*—The Chairman read out a letter from the Joint Secretary, Industries and Labour Department, giving some information which had been promised at a previous meeting in connection with Grant No. 75—"Stationery and Printing M.—Private Secretary to His Excellency the Viceroy's Press". It was explained in the letter that the Controller of Printing and Stationery at present exercises powers of inspection and advice in the case of this

Press but has no direct control over the staff, and that it was proposed that the Press should shortly be transferred to the control of the Political Department which would bear the cost. The Committee hoped that if this transfer were effected the Controller of Printing and Stationery would still be associated with the control of this Press and of the other Presses for which the Political Department are responsible. They wished to be informed whether the Controller thinks it advisable to lay down a specific programme of inspection in connection with such Presses.

90. *Finance Officer, Posts and Telegraphs.*—A member of the Committee drew attention to the fact that a post of Finance Officer, Posts and Telegraphs, had recently been created in place of the previous appointment of Financial Adviser. It was explained that this had been done with a view to securing more independent financial control. The Finance Officer is now solely an officer of the Finance Department subordinate to the Finance Member.

91. *Financial position of the Posts and Telegraphs Department.*—In reply to a question regarding the financial results of 1936-37 the Finance Officer stated that according to the latest figures available the profit for the year was now expected to amount to about Rs. 14 lakhs (including a windfall of about 3 lakhs on account of an adjustment which had not been expected in that year) as compared with Rs. 8 lakhs anticipated in the revised estimates.

92. *Haulage Charges.*—In connection with the statement made in paragraph 10 of the Audit Report regarding savings under Postal Expenses the Director-General explained that the Railways wished to enhance their previous rates for hauling postal vans by Rs. 7 lakhs, but this additional payment had not been made during the year under report because the negotiations had not been completed. The Committee hoped that this question would be settled as soon as possible, by arbitration if necessary.

93. *Posts and Telegraphs portion of Grant no. 43-Audit.*—The Committee considered that the details of the cost of Posts and Telegraphs Audit Offices need not be shown in the Appropriation Accounts of the Posts and Telegraphs Department since this expenditure is merely recovered from the Posts and Telegraphs Department and the details are given in full in connection with Demand no. "43-Audit".

94. *Suspense Accounts.*—The Committee also considered it unnecessary to include in the Appropriation Accounts items such as those shown under sub-heads F. V, F. VI, and F. VII of "Grant no. 23—Indian Posts and Telegraphs Department". It was agreed that the Accountant-General should try to eliminate suspense accounts of this kind as far as possible from next year's Appropriation Accounts. The Committee further suggested that it might be preferable if some of the heads could be shown gross, with the suspense head figures given separately if necessary.

The Committee adjourned at 1-15 p.m.

Proceedings of the seventeenth meeting of the Public Accounts Committee held on Monday, the 2nd of August 1937, at 2-30 p.m.

PRESENT :

The Hon'ble Mr. J. C. NIXON, C.S.I., C.I.E., I.C.S., Finance Member, *Chairman.*

Mr. B. DAS.

Professor N. G. RANGA.

Captain Sardar Sir SHIR MOHAMMAD KHAN, Kt., C.I.E., M.B.E.

Mr. S. SATYAMURTI.

Maulvi Sir MOHAMMAD YAKUB, Kt.

Bhai PARMA NAND.

Dr. R. D. DALAL, C.I.E.

Khan Bahadur SHAIKH FAZL-I-HAQ PIRACHA.

Khan Bahadur Sir ABDUL HAMID, Kt., C.I.E., O.B.E.

Mr. R. S. PURSELL, C.I.E., O.B.E., Director-General, Posts and Telegraphs.

Mr. GHULAM MOHAMMAD, Finance Officer, Posts and Telegraphs.

Mr. A. BROKENSHAW, Chief Engineer, Posts and Telegraphs.

Mr. T. R. SADASIVAM, Deputy Director-General, (Finance) Posts and Telegraphs.

Sir ERNEST BURDON, K.C.I.E., C.S.I., I.C.S., Auditor-General.

Mr. B. NEHRU, Accountant-General, Posts and Telegraphs.

Mr. A. J. RAISMAN, C.I.E., I.C.S., Finance Secretary.

Members.

Witnesses.

95. *Permissible variations between grant or appropriation and actual expenditure.*—The Committee briefly considered the memorandum on this subject (appendix VIII) which had been circulated by the Director-General. They agreed to the adoption of the procedure suggested in the memorandum, on the understanding that the question would be reconsidered as proposed after a period of two years.

96. *Expenditure on stationery and printing.*—The Committee considered that the explanations given under the sub-head "1.—Stationery and Printing" on page 97 of the Appropriation Accounts were inadequate, and they hoped that in future years fuller explanations would be provided in connection with variations of so large an amount.

97. *Effect of revised scales of pay.*—The Committee noted that the variations under sub-head J. 11-2, on page 98 of the Accounts and certain other sub-heads were stated to be due partly to the introduction of new scales of pay. They wished it to be recorded that the authorities con-

cerned did not appear to have taken this fact sufficiently into consideration when framing their estimates.

98. *Subsidies and payments to Railways.*—The Committee noted that in the explanation relating to the reappropriation of Rs. 11,68,400 under sub-head J. IV. 5, on page 100 of the Accounts, the amount of saving due respectively to "Reduction under payments to air mail carriers" and "Lowering of the rates for the conveyance of mails" had not been stated. They considered that in connection with variations of large amounts some indication should be given of the approximate sum due to each of the suggested causes.

99. *Grant no. 91—Recoveries.*—The Committee noted that owing to the system of credits it was difficult to ascertain from the Accounts the amount actually spent on various capital works. This system also had the effect of increasing the apparent variations under the various heads. The Committee desired that the Posts and Telegraphs Department should consider, in consultation with the Auditor-General, the possibility of showing the capital expenditure gross and recording the recoveries or credits separately. They further suggested that it might be considered whether such recoveries or credits could not be shown as receipts. In any case they hoped that the authorities concerned would endeavour to devise means of presenting the Appropriation Accounts (and possibly also the Demands for Grants) in a simpler and more readily intelligible form.

100. *Reappropriations for new works.*—A member of the Committee drew attention to the large reappropriation under sub-head IV. 3 on page 122 of the Accounts. The Finance Officer explained that the savings under this head had been utilised, with the concurrence of the Standing Finance Committee, to finance some new remunerative works. The Committee agreed that if a proposal arises in the course of the year which is clearly remunerative it would be uneconomic to postpone it until provision can be made in the next year's budget.

101. *Expenditure on replacement of workshop plant and machinery.*—It was admitted that the large variations under sub-heads II. 3 and IV. 3 on pages 126 and 127 of the Accounts were due to inadequate provision for replacements which could not be postponed. The Committee considered that if the Department had taken sufficient account of past actuals in framing their estimates under these heads a large part of the supplementary appropriations would probably have been unnecessary.

102. *Excess Grant.*—In connection with paragraph 96 of the Audit Report the Committee agreed to recommend the voting of the excess of Rs. 2,12,734 under Grant no. 23. Certain members of the Committee, however, indicated that they might wish to take the opportunity of drawing the attention of the Legislature to the shortcomings of the Posts and Telegraphs Department in connection with the spending of their capital grants.

103. *Renewals Reserve Fund.*—There was some discussion regarding the annual contribution to the Renewals Reserve Fund which, as stated in paragraph 62 of the Audit Report, has been fixed at 25 lakhs per annum for a period of five years. Some members of the Committee suggested that this amount was excessive. The Chairman pointed out, however, that although the Department were not at present spending so much as Rs. 25 lakhs a year on replacements, it was probable that they would

require at least this amount a few years hence since there had recently been a large increase in types of assets (such as telephones) which have a comparatively short life.

104. *Loss on Telegraphs.*—In connection with the profit and loss statement given on page 25 of the Audit Report the Director-General stated that under the existing conditions the telegraph section could not be expected to pay. In the United Kingdom this section was, he understood, incurring a loss of about £800,000 a year. He further stated that the operative telegraph staff had been reduced during the last five years from 2,700 to less than 2,100, and that no further reduction was possible. Indeed it was now essential to resume recruitment, especially as there had recently been considerable complaints in the press with regard to the telegraph service. The Committee, however, wished to record their dismay at the continued loss incurred in connection with this branch of the Department, and they hoped that everything possible would be done to minimise the loss.

105. *Decentralisation of control over expenditure.*—In connection with paragraph 105 of the Report the Committee hoped that the scheme of decentralisation which had recently been introduced would not result in any relaxation of control over expenditure in the Directorate. They also hoped that the Department would bear in mind the need for economy when sanctioning the necessary accounting staff for the various Circles and would consider whether any corresponding reduction of staff could not be effected at the centre.

106. *Instances of defective control over expenditure.*—The Committee noted that a mere list of cases such as that given in paragraph 111 of the Report was of comparatively little value from their point of view. As in the case of other Audit Reports, they suggested that the Accountant-General might in future indicate in addition the items with which he was still dissatisfied after considering the explanations given by the departmental authorities.

The Committee adjourned at 5-40 p.m.

Proceedings of the eighteenth meeting of the Public Accounts Committee held on Tuesday, the 3rd of August 1937, at 11 a.m.

PRESENT :

The Hon'ble Mr. J. C. NIXON, C.S.I., C.I.E., I.C.S., Finance	}	Member, Chairman.
Mr. B. DAS.		
Professor N. G. RANGA.	}	Members.
Sirdar JOGENDRA SINGH.		
Captain Sardar Sir SHER MOHAMMAD KHAN, Kt., C.I.E., M.B.E.		
Mr. S. SATYAMURTI.		
Maulvi Sir MOHAMMAD YAKUB, Kt.		
Bhai PARMA NAND.		
Dr. R. D. DALAL, C.I.E.		
Khan Bahadur Sir ABDUL HAMID, Kt., C.I.E., O.B.E.		
Khan Bahadur SHAIKH FAZL-I-HAQ PIRACHA.		

Mr. H. Dow, C.S.I., C.I.E., I.C.S., Secretary,
Commerce Department.

Mr. M. SLADE, I.C.S., Joint Secretary,
Commerce Department.

Mr. R. F. MUDIE, C.I.E., O.B.E., I.C.S.,
Joint Secretary, Home Department.

Mr. A. S. Hands, C.I.E., M.C., I.C.S., Deputy
Secretary, Home Department.

Sir ERNEST BURDON, K.C.I.E., C.S.I., I.C.S.,
Auditor-General.

Mr. T. K. RAJAGOPALAN, Accountant-General,
Central Revenues.

Mr. A. J. RAISMAN, C.I.E., I.C.S., Finance
Secretary

Witnesses.

107. *Grant no. 38—Commerce Department.*—There was some discussion regarding the expenditure incurred on additional officers. Mr. Dow explained that the extra staff had been required mainly in connection with various trade negotiations which had thrown a large amount of unusual work on the Commerce Department.

108. *Grant no. 46—Ports and Pilotage.*—The Committee noted that there had been a large modification in the original estimate under the head A. 4 (1) "Pay of Officers" (non-voted), and they considered that it should be possible to budget more accurately in connection with items of this kind. They recommended a study of past actuals under this head with a view to avoiding excessive provision in future budgets.

In connection with the explanation given under head B. 3 (non-voted) the Committee suggested that, except in cases of special urgency, the officers responsible for controlling grants for travelling allowance should try to restrict touring to what could be covered by the budget provision.

109. *Grant no. 47—Lighthouses and Lightships.*—The Committee desired that the authorities concerned should consider whether it is necessary to maintain a special fund for replacements and additions as well as a depreciation fund and a general reserve fund.

110. *Grant no. 76—Miscellaneous.*—In connection with head M of this grant, with which the Commerce Department were partly concerned, the Committee suggested that the Grant should if possible be rearranged in future years in order to bring together the items relating to each Department.

With reference to the "Important Comment" (page 294 of the Accounts) Mr. Dow explained that the non-official gentleman in question had served the Government of India for about six months without any salary, and it had therefore been decided that it would be ungracious to demand a refund of the overpayment in respect of travelling expenses, especially as this expenditure had been incurred in good faith and the gentleman had left India before the mistake was discovered.

111. *Grant no. 94—Capital outlay on Vizagapatam Harbour.*—Mr. Dow explained that although the Port was not yet paying any portion

of the interest due on the capital expenditure, it was still unable to balance its budget without a grant-in-aid from the Government of India, and so far as he could foresee this would continue to be the position for some years. If the Port were retained it would also be necessary to incur several items of additional capital expenditure. This led to a discussion on the question whether it would not be better to close down the Port altogether. It was agreed that before such a decision could be reached other interests (such as those of the Railways) would have to be considered, but the Committee desired that the whole question should be thoroughly investigated and that a comprehensive report on the subject should be submitted next year.

112. *Grant no. 95—Capital Outlay on Lighthouses and Lightships.*—Since the net amount required under this Grant was nil, the Committee desired that the possibility of eliminating it as a separate grant in future years should be considered along with similar proposals made in connection with other capital grants.

113. *Grant no. 65—Census.*—The Committee suggested that in future years, when the total amount required was as small as it was in the year under report, the authorities concerned might consider the advisability of including census expenditure in some other grant (e.g., no. 76 Miscellaneous) instead of retaining a separate grant for this purpose.

114. *Grant no. 76—Miscellaneous.*—In connection with head D. 2. "Other Commissions and Committees" it was explained that at the time when the budget was framed it had not been definitely decided that a Delimitation Committee would be necessary. As regards the Secretariat Procedure Committee a majority of the Committee wished it to be recorded that they could see no sufficient reason for Government's decision not to publish the report, and that in the absence of the report they were unable to judge whether the expenditure incurred on the Committee was justifiable or not.

115. *Grant no. 80—Delhi.*—The comment under head A-1 of Account VIII led to some discussion regarding the appointment of the Superintending Engineer, Health Services Division. The Committee desired that in connection with next year's Appropriation Accounts fuller information should be furnished by the Department concerned regarding the sanitary engineering staff employed in Delhi and regarding the distribution of its cost between the various authorities concerned.

The Committee suggested that the Government of India might consider the desirability of annexing to each of the Area Demands (such as those relating to Delhi and Ajmer-Merwara) a *pro forma* account showing the expenditure and receipts (of a provincial character) in the year in question.

In connection with paragraph 2 of the "Important Comments" under this Grant the representatives of the Department stated that they were unable to supply any additional information since the authority concerned was the Punjab High Court. The Committee considered that in future years efforts should be made to obtain any information required for the elucidation of the Accounts even if this involved a reference to an authority which was not under the control of the Government of India.

The Committee adjourned at 1-30 p.m.

Proceedings of the nineteenth meeting of the Public Accounts Committee held on Tuesday, the 3rd of August 1937, at 3 p.m.

PRESENT :

The Hon'ble Mr. J. C. NIXON, C.S.I., C.I.E., I.C.S., Finance Member, *Chairman*.

Mr. B. DAS.

Professor N. G. RANGA.

Sirdar JOGENDRA SINGH.

Captain Sardar Sir SHER MOHAMMAD KHAN, Kt., C.I.E., M.B.E.

Mr. S. SATYAMURTI.

Maulvi Sir MOHAMMAD YAKUB, Kt.

BHAI PARMA NAND.

Dr. R. D. DALAL, C.I.E.

Khan Bahadur Sir ABDUL HAMID, Kt., C.I.E., O.B.E.

Khan Bahadur Shaikh FAZL-I-HAQ PIRACHA.

Sir ERNEST BURDON, K.C.I.E., C.S.I., I.C.S., Auditor-General.

Mr. A. J. RAISMAN, C.I.E., I.C.S., Finance Secretary.

Members.

116. *Expenditure on major works.*—The Committee considered a statement regarding expenditure on major works (appendix VII) which had been supplied by the Accountant-General, Central Revenues, in response to a request made at a previous meeting. The statement showed that there had been savings amounting in all to about 30 per cent. of the original budget estimates for such works. In view of these savings the Committee thought it desirable to investigate whether the staff employed in the Central Public Works Department is not based on a larger programme of capital works than is actually carried out. They also suggested that similar considerations might apply to expenditure on the purchase of stores. The Committee desired that a report on this subject should be submitted next year.

117. *Accounts of the Federal Railway Authority and the Political Department.*—Mr. Satyamurti drew attention to section 190 of the Government of India Act, 1935, which prescribes that the Federal Railway Authority "shall publish annually a report of their operations during the preceding year and a statement of accounts in a form approved by the Auditor-General", and enquired whether an audit report would be published along with these accounts. The Auditor-General stated that no decision had yet been reached on this question, but that in view of his responsibility for the form of the accounts he assumed that the published accounts would include his audit certificate and report. He also stated that it had been decided to publish the accounts of the Crown Department, which are to be submitted to the Secretary of State under section 171 of the Act. The non-official members of the Committee recommended that the accounts and the relative audit reports of both the Federal Railway Authority and the Crown Department should be laid on the table of the Central Legislature.

118. *Date of publication of the Appropriation Accounts.*—In reply to a question asked by Mr. Satyamurti the Auditor-General stated that the question of earlier publication of the Appropriation Accounts had recently been under consideration, and the Provincial Governments had been addressed on the subject. The non-official members of the Committee recommended that the Government of India should in future publish the Accounts as soon as they are available.

119. *Report of the Military Accounts Committee.*—In connection with the report of the Military Accounts Committee it was suggested that in future any references given in the proceedings to the Appropriation Accounts or other documents should as far as necessary be complete in themselves. After a brief discussion the Committee approved the report.

120. The Committee expressed their appreciation of the great assistance which had been given to them by the Auditor-General throughout their meetings and also wished to convey their appreciation of the work done by Mr. Shearer as Secretary to the Committee.

The Committee adjourned at 4-20 p.m.

REPORT OF THE MILITARY ACCOUNTS COMMITTEE.

We are appointed in pursuance of the recommendation made in paragraph 31 of the Report of the Public Accounts Committee on the Accounts of 1929-30 to make a preliminary examination of the Appropriation Accounts of the Defence Services and connected documents. We have been assisted in this work by the Auditor-General, the Defence Secretary, the Financial Adviser, Military Finance, and the Military Accountant-General. We are glad to express our satisfaction at the lucidity of the documents presented to us and at the businesslike manner in which our questions were answered. The results of our examination are, as usual, embodied in the proceedings of our meetings which we desire to be treated as a part of our report. The following paragraphs deal only with some of the more important points.

2. *Revision of Regulations.*—We are gratified to note that the immense task of revising the Army Regulations, to which the Committees of previous years have also referred, is now making solid progress. We are assured that next year's Committee will be able to report that the work is within sight of completion. Considerable progress also appears to have been made in the revision of the Equipment Regulations and Tables of the R. A. F. While in view of the special circumstances of this service such a degree of final standardisation as exists in regard to other services may not yet be possible, we consider it to be of the utmost importance that the accounting and audit authorities should be supplied with more up-to-date standards than apparently exist at present. We were also pleased to learn that the revision of rules relating to oil had been completed and that the second proviso to the Military Accountant-General's certificate will probably not appear in future.

3. *Compensation for inferior quarters.*—We were informed on general lines of the action which was being taken to reduce the liability of Government for paying military officers compensation for rent free quarters which are below the standard scale of accommodation. We consider that next year's Committee should be supplied with a more explicit account of

the system of zoning, and should be given some idea in the case of a typical unit of the amount of money involved.

4. *Provision for the purchase and sale of stores, equipment and animals.*—We noticed that considerable savings occurred in connection with this item during the year under report, and we suggest that the actuals of past years might repay examination by the Financial Adviser, Military Finance, at the time of framing the next budget.

5. *Departmental action against Government servants who have been acquitted by a court of law.*—We wish specially to bring to notice the harm which may be done to the public service and the danger to public funds if an order of acquittal by a court of law is necessarily taken as exempting a Government servant from suitable departmental action. We can conceive of cases where a lesser degree of proof than is required in a court of law would justify departmental punishment.

6. *Accelerated payment in March.*—We are not completely satisfied that the existing practice which results in exceptionally high payments during the month of March is free from danger, and we consider that a further report on this subject should be submitted next year. Meantime we suggest that suitable action should be taken by the authorities concerned in connection with the payments to be made in March 1938.

7. *Stocks maintained in Ordnance Factories.*—We were somewhat dismayed at the relatively large stocks carried by some of the Ordnance factories. The Secretary, Defence Department, however, gave it as his opinion that stocks of some types of stores were still inadequate. We are not prepared to make any definite recommendation on the subject, but we hope that the position will be carefully watched with a view to economy.

8. *Accounting Changes.*—We wish to reiterate a principle which has been accepted on previous occasions but which seems often to have been overlooked, viz., that in order to avoid unnecessary variations between the estimates and the actuals, the accounting of expenditure should, unless there be legal objections, follow budget provision during the budget period even if such provision has been incorrectly made, and that any change which may be considered necessary should be introduced in the next year's budget.

9. *Comments made in the Audit Report and the Appropriation Accounts.*—While we wish the Director of Audit to continue for the present to exhibit in his report all instances where there has *prima facie* been a substantial failure in the control of expenditure, it would simplify the task of future Committees if he would indicate, in addition, after studying the explanations given by the administrative authorities, which of the cases he still considers to have been sufficiently justified. We also had occasion to observe that in some places a slightly fuller note in the Appropriation Accounts would have obviated the need for verbal explanations.

J. C. NIXON.
B. DAS.
S. SATYAMURTI.
SHER MOHAMMAD KHAN.
A. J. RAISMAN.

J. B. SHEARER, *Secretary*.
7th August, 1937.

Proceedings of the first meeting of the Military Accounts Committee held on Monday, the 19th of July 1937, at 11 a.m.

PRESENT :

The Hon'ble Mr. J. C. NIXON, C.S.I., C.I.E., I.C.S., Finance Member, *Chairman*.

Mr. B. DAS.

Mr. S. SATYAMURTI.

Captain Sardar Sir SHER MOHAMMAD KHAN, Kt., C.I.E., M.B.E. } *Members.*

Mr. A. J. RAISMAN, C.I.E., I.C.S., Finance Secretary.

Mr. C. M. G. OCHLVIE, C.B.E., I.C.S., Secretary, Defence Department.

Major-General G. H. ADDISON, C.B., C.M.G., D.S.O., Financial Adviser, Military Finance. } *Witnesses.*

Mr. V. NATESAN, Deputy Financial Adviser, Military Finance.

Mr. M. R. COBURN, O.B.E., Military Accountant-General.

Sir ERNEST BURDON, K.C.I.E., C.S.I., I.C.S., Auditor-General.

Mr. K. R. S. RAU, Director of Audit, Defence Services.

The Committee first considered the military items in the statement showing action taken or proposed to be taken on recommendations made in previous years.

2. *Item 17—Revision of Army Regulations.*—With reference to the report submitted on this subject (appendix IX) the Secretary, Defence Department, stated that more rapid progress was now being made, and that he hoped that the revision of the basic regulations would be completed in 1½ to 2 years. Additional staff had been engaged for the work, but it had been possible to arrange that this should involve practically no increase in total expenditure. It was also explained that revised orders had been issued with a view to reducing the number of correction slips to the regulations, and that any corrections with which the audit authorities were concerned would in future be submitted to them before issue. The Committee agreed that it would be satisfactory if the work could be completed within the period now stated. It was decided, however, that the item should remain in the list of items outstanding, and that a further report should be submitted next year. The Committee particularly desired that the report should show whether the audit authorities were satisfied with the revised regulations.

3. *Item 18—Scheme for the training of Public Works Department Accountants in work connected with the Military Engineer Services.*—It was noted that the report submitted by the Financial Adviser on this subject (appendix X) was somewhat pessimistic. The Auditor-General,

however, did not fully associate himself with the comments made in that report, and the Committee agreed that it was too early to reach any definite conclusions regarding the value of the scheme. They wished a further report on the subject to be submitted next year.

4. *Item 22—Overstocking of R. A. F. stores and Mechanical Transport spare parts.*—Since certain points were not clearly explained in the note on this item (appendix XI) it was decided that a representative of the Royal Air Force should be asked to appear before the Committee at the next meeting.

5. *Item 24—Payment to military officers of compensation for inferior quarters.*—It was explained in connection with the note (appendix XII) that the provision of quarters for military officers was almost a condition of service. Every military officer regarded the provision of such quarters or an allowance in lieu of quarters as a part of his pay. The problem was therefore one of considerable difficulty. The Financial Adviser explained that officers had now been divided into three zones for the purpose of the allocation of quarters, and it was hoped that this would reduce the expenditure involved. The Committee wished to have further information regarding the zoning system. They also wished to be given some indication of the actual expenditure involved in the payment of this compensation. The Financial Adviser stated that the compilation of complete figures would involve a disproportionate amount of labour, but he agreed to work it out for a small unit such as a station and to make a rough calculation on this basis.

Report of the Director of Audit, Defence Services.

6. *Paragraph 3—Accuracy of budgeting.*—It was explained that in connection with the purchase of animals the estimates were based on the actual number of animals required, but it frequently happened that this number could not be obtained. The Committee recommended that in view of the repeated savings in previous years the possibility of making a lump cut under this head in future budgets should be considered.

As regards the Indian Army Ordnance Corps, it was explained that the excess in 1935-36 was due to a book transaction, and that there was a corresponding saving elsewhere. In view of this explanation the Committee agreed that no further action was required.

7. *Paragraph 5—Control of expenditure.*—The Director of Audit, Defence Services, agreed that the inclusion of items in this paragraph did not necessarily mean that the variations had not been satisfactorily explained. The Committee considered that in future years the report should also indicate which of the items, if any, had not been explained to the satisfaction of the audit authorities.

8. *Paragraph 7—Reserves in Defence Estimates.*—The Committee were informed that the provision of Rs. 7 lakhs on account of "Special expenditure for expansion of Territorial Force" would not in future appear under this head since it had been decided that such expenditure should be budgeted for in the ordinary way. The removal of this item would reduce the total provision for Reserves to about Rs. 13 lakhs in a total budget of about Rs. 45 crores. The Auditor-General stated that he considered the position to be satisfactory, and the Committee agreed that no further action was required.

9. *Paragraphs 10, 11 and 13—Financial irregularities.*—The Committee agreed that no further action was required with regard to the items mentioned in these paragraphs.

10. *Paragraph 12—Loss of stores in an arsenal.*—It was explained that revised orders had been issued by the Master-General of the Ordnance, under which articles of clothing would be checked by number as well as by weight. It was considered that these revised orders should prevent the possibility of a recurrence of a fraud of this type. The Committee wished to be informed in next year's report whether the audit authorities were satisfied with the working of the new system.

11. *Paragraph 14—Short recovery of rent, water and electricity charges.*—The Committee agreed that considerable progress had been made as compared with previous years. They wished, however, to draw the attention of the authorities concerned to the statement made in paragraph 19 of the report to the effect that specific cases brought to notice seemed to indicate that in many cases loss could be avoided by a stricter observance of the regulations by executive officers.

In connection with this paragraph the Committee agreed that in order to avoid confusion with the Test Audit the Military Accounts Department should in future be referred to as "Accounts" and not as "Audit".

12. *Paragraph 15—Loss of electric bulbs.*—The Committee noted that the Sub-Divisional Officer who was in charge of the Division where the fraud occurred had merely been passed over for promotion. The Financial Adviser explained that this officer had been acquitted by a court of law, and he had been advised by the legal authorities that after such an acquittal it would not be possible to inflict any severer form of departmental punishment. This led to a general discussion of the question whether departmental action could be taken against a Government servant who has been acquitted on a criminal charge. It was agreed that in cases where there was nothing against the Government servant apart from the specific charge which had been referred to the criminal court it was ordinarily impracticable to impose any departmental punishment, but that suitable departmental action could sometimes be taken in spite of the decision of the court if the conduct of the Government servant in question had been otherwise unsatisfactory.

13. The Committee considered that the wording of the following passages in the report were open to criticism :

(1) *Paragraph 17—Overpayments of pension.*—It was agreed that the note of foreboding sounded in the last sentence of this paragraph was inappropriate in a report of this kind and that audit comment should ordinarily be confined to the established facts.

(2) *Paragraph 26—Surveyors of Works.*—It was agreed that the second last sentence of this paragraph might convey a wrong impression. There was no reason to believe that the audit arrangements were in fact unsatisfactory.

(3) *Paragraph 28—Acceptance of tenders other than the lowest.*—The last sentence of this paragraph might also convey a wrong impression. The intention was understood to be that generally speaking there is now no tendency to accept without good reasons tenders other than the lowest.

14. *Paragraph 32—Disposal of surplus and obsolete stores.*—It was explained that the statement prepared by the Financial Adviser is a complete statement and is seen in its complete form by the audit authorities, but that the latter confine their examination to items which are *prima facie* unsatisfactory. The Committee desired that a further report on the subject should be supplied next year.

The Committee adjourned at 1-15 p.m.

Proceedings of the second meeting of the Military Accounts Committee held on Monday, the 19th of July 1937, at 2-30 p.m.

PRESENT:

The Hon'ble Mr. J. C. NIXON, C.S.I., C.I.E., I.C.S., Finance Member,
Chairman.

Mr. B. DAS.

Mr. S. SATYAMURTI.

Captain Sardar Sir SHER MOHAMMAD KHAN,
Kt., C.I.E., M.B.E.

Mr. A. J. RAISMAN, C.I.E., I.C.S., Finance
Secretary.

Mr. C. M. G. OGILVIE, C.B.E., I.C.S.,
Secretary, Defence Department.

Major-General G. H. ADDISON, C.B., C.M.G.,
D.S.O., Financial Adviser, Military
Finance.

Mr. V. NATESAN, Deputy Financial Adviser,
Military Finance.

Mr. M. R. COBURN, O.B.E., Military
Accountant-General.

Squadron Leader A. J. Cox, M.B.E., R.A.F.
Sir ERNEST BURDON, K.C.I.E., C.S.I., I.C.S.,
Auditor-General.

Mr. K. R. S. RAU, Director of Audit, Defence
Services.

Members.

Witnesses.

15. The Committee continued the consideration of the report of the Director of Audit, Defence Services.

16. *Paragraph 30.—Stock verification.*—The Military Accountant-General explained, with reference to the last sentence of this paragraph, that until the end of financial year 1935-36 the Military Accounts Department used to carry out a test check of 5 per cent. of the stocks held on charge by fighting units. This test check was found to serve no useful purpose, partly because the local Audit Officer could not actually verify the stocks of many articles such as rifles and clothing in wear and also because in the case of rations the stocks were not and could not be worked out every day in the ration returns. It was accordingly decided that in future the Audit Officer need only see that a certificate was given to the effect that stock had been taken by the executive authorities in accordance with the orders on the subject, and that the test check by him might be discontinued.

17. *Paragraph 33.—Pro-forma account of expenditure on Programme Measures.*—It was explained that the changes in the estimated total cost of the programme were due almost entirely to changes in prices and not to the introduction of new items. The Financial Adviser also stated that according to present estimates the larger part of the balance of about Rs. 1½ crores in the Defence Reserve Fund would probably be exhausted by the end of the financial year 1938-39, and the Chairman explained that in the meantime the Government of India had the use of the balance which served to reduce the amount of Government borrowings. In view of these explanations the Committee agreed that it was not necessary to alter the existing arrangements.

18. *Overstocking of R. A. F. stores.*—At this stage the Committee resumed the consideration of item 22 in the statement of action taken on previous recommendations. Squadron Leader A. J. Cox, the officer in charge of the special work in connection with the revision of the Equipment Regulations and Tables, gave a statement of the position. He explained that the Equipment Regulations had now been completed, and that he hoped to complete the Equipment Tables before the end of the current financial year. The audit authorities would be consulted with regard to all items with which they were concerned. It would probably be impracticable to reach the degree of standardisation which had been attained in some other Services, partly because the Air Force was a comparatively new and rapidly developing service, and partly because its requirements in respect of stores and spare parts were dependent, to a considerable extent, on orders issued (mainly in the interests of safety) by authorities in England. After the Regulations and Tables had been issued, however, audit would be able to exercise a much more efficient check than had hitherto been possible. The Committee agreed that it would be satisfactory if the work could be completed within the period contemplated; but they wished to be supplied with a further report on the subject next year, and they hoped that that report would show the results of the first review of stocks held against the stock limits which were now being prescribed.

As regards motor transport spare parts, the Financial Adviser explained that when motor transport was first introduced the authorities concerned tended to underestimate the life of the vehicles. This was now being remedied in the light of experience, and he was satisfied that the expenditure now incurred on repairs and spare parts actually resulted in economy since it enabled purchases of new vehicles to be postponed.

19. The remaining paragraphs in the report of the Director of Audit, Defence Services, were briefly considered and it was agreed that no special action was required.

Appropriation Accounts.

20. *Audit Certificate.*—The Committee considered that the first proviso to this certificate was somewhat misleading since it did not clearly indicate that the "accounts" check had in fact been conducted over the greater part of the field, and that the cases in which the state of Equipment Regulations and Tables prevented an effective check were comparatively few. It was suggested that the drafting of the proviso should be reconsidered in connection with next year's report.

The Military Accountant-General explained that the second proviso would probably not appear in future reports since the revision of the rules relating to the issue of oil had now been completed.

The Auditor-General stated that the third proviso need not have been included at all since the fund in question is not one which the Military Accounts Department or Test Audit are required to audit, although the Military Accounts Department may in some cases undertake the audit of such funds at the request of the military authorities concerned.

21. *Statement of items of expenditure for which higher sanction was necessary.*—It was suggested that some of these items indicated serious delay in the passing of orders. The Financial Adviser, however, pointed out that this might be due to cases being detected by audit a long time after they actually occurred. The Auditor-General stated that he was satisfied with the position, and the Committee agreed that no special action was necessary.

22. *Paragraph 48—Indian Army Ordnance Corps.*—It was explained that the transfer of funds to other heads to meet expenditure on the repair of optical instruments was probably due to the decision that work in connection with such instruments should be done in military workshops instead of the Mathematical Instruments Office at Calcutta. The Committee considered that explanations of this kind should be given in the comments, since otherwise it might be suspected that funds were provided merely because they happened to be available and not because the item in question was unavoidable or specially urgent.

23. *Paragraph 54—Cantonments.*—It was noted that this increase was due to a change of accounting procedure introduced by the audit authorities during the course of the year. The Auditor-General agreed that such changes should ordinarily be introduced only at the beginning of a new financial year. The Committee considered that in order to reduce the number of avoidable variations in the estimates this general rule should be brought to the notice of all the authorities concerned.

24. *Paragraph 93—Expenditure in England on the purchase and sale of stores, equipment and animals.*—The Committee considered that the provision made for this item should be further examined, and that if it were found that similar savings had occurred in previous years a reduction should be made in the appropriations included in future budgets.

25. *Paragraph 113—Contribution towards the cost of landing grounds on the Singapore Air Route.*—In connection with this item there was some discussion regarding the general procedure of the military authorities in providing funds for unforeseen expenditure which has to be met during the course of the year. It was explained that they do not follow the practice adopted in connection with most of the Civil Demands of appropriating funds from a specific item to a specific item, but that the total amount of savings available is first calculated and the Financial Adviser then issues an omnibus order sanctioning a series of reappropriations from these savings.

26. *Paragraph 136 and Appendix K.—Variations between original appropriations and expenditure during the year.*—Further information was given with regard to some of the items included in the appendix. The Committee were satisfied except with regard to item 27 where the explanation given was considered to be inadequate.

The Committee adjourned at 5 p.m.

Proceedings of the third meeting of the Military Accounts Committee held on Tuesday, the 20th of July 1937, at 11 a.m.

PRESENT:

The Hon'ble Mr. J. C. NIXON, C.S.I., C.I.E., I.C.S., Finance Member,
Chairman.

Mr. B. DAS.

Mr. S. SATYAMURTI.

Captain Sardar Sir SHER MOHAMMAD KHAN,
Kt., C.I.E., M.B.E.

Mr. A. J. RAISMAN, C.I.E., I.C.S., Finance
Secretary

Mr. C. M. G. OGILVIE, C.B.E., I.C.S.,
Secretary, Defence Department

Major-General G. H. ADDISON, C.B., C.M.G.,
D.S.O., Financial Adviser, Military
Finance.

Mr. V. NATESAN, Deputy Financial Adviser,
Military Finance

Mr. M. R. COBURN, O.B.E., Military
Accountant-General.

Sir ERNEST BURDON, K.C.I.E., C.S.I., I.C.S.,
Auditor-General.

Mr. K. R. S. RAU, Director of Audit, Defence
Services.

Members.

Witnesses.

27. The Committee continued the examination of the Appropriation Accounts and considered the items shown in Appendix K—Part B—Variations between original appropriations and expenditure in respect of works completed during the year. The Committee were not entirely satisfied with some of the explanations given for these variations, but it was agreed that there had been a considerable improvement in the standard of estimating for military works during recent years, and that the engineers were not responsible for some of the remaining variations, which were due to orders issued by the administrative authorities.

28. *Accelerated payment of bills in March.*—The Committee noted that the figures given in paragraph 138 of the report indicated that there was still a marked tendency for payments in March to be exceptionally high and payments in April to be exceptionally low. The Auditor-General stated in this connection that he had recently received a report to the effect that bills to the extent of about Rs. 2½ lakhs had been paid without pre-audit during the month of March in one of the Military Commands. This suggested that in spite of the orders which had already been issued on the subject the rush of payments during March was still resulting in some slackening of audit control. The Financial Adviser and the Military Accountant-General considered that it would be impossible to avoid some increase of work in the Accounts Offices during March, especially as the end of the financial year happened to coincide with the end of the cold weather during which the greater part of the expenditure was bound to be incurred. It was agreed, however, that this rush of work should not

be allowed to result in any relaxation of control. The Committee wished to have a further report on this question next year, and hoped that in the meantime measures would be taken to prevent a recurrence, in March 1936, of cases such as those mentioned by the Auditor-General.

29. *Paragraph 141—Writing down of the value of stores.*—The Chairman drew attention to the statement that “the increase under losses was due to the writing down of the value of stores to their market value”, and enquired whether the money involved became available for other purposes. The Auditor-General undertook to investigate the accounting arrangements in connection with such transactions.

30. *Paragraph 147—Stores purchases.*—It was agreed that the Chief Controller of Stores, when he appeared before the Public Accounts Committee, should be asked whether he is satisfied that the military authorities are now making as large a proportion of their purchases through his organisation as can reasonably be expected.

31. *Appendices.*—It was agreed, on the suggestion of the Auditor-General, that the more logical order for the Appendices would be D, A, C, B, and that this re-arrangement should be carried out in future reports.

In connection with Appendix F (Disposals Organisation) it was suggested that particulars of surplus stores which had been written off or remained unsold should also be shown. The Financial Adviser explained that this would be impracticable, and the Auditor-General stated that he had no reason to believe that there was in fact an unnecessary accumulation of surplus stores. It was agreed that definite figures need not be given but that the Defence Department should investigate the question and that their conclusions should be stated in next year's report with an explanation of the method by which the conclusions had been reached.

Commercial Appendix.

32. *Dairy Farms.*—In connection with the statement made in paragraph 7 of the Financial Adviser's review that the dairy farms are expected on the whole to be self-supporting but not a source of profit, the question was raised whether these farms should not try to make a profit at least in respect of their sales to the public. It was explained that such sales constitute an almost insignificant fraction of the total, and that the farms had in fact made a small profit of 3.4 per cent. in 1935-36 as compared with 2.03 per cent. in 1934-35. The Committee agreed that in these circumstances it was unnecessary to reconsider the existing policy.

33. *Medical Stores.*—The question was raised whether these Stores should not be used only to meet the requirements of the army. It was explained, however, that this would result in a large increase in the total loss. The Auditor-General stated that the only Provincial Government which had tried to purchase medical stores in the open market was the Government of Madras, and they had come back to the Medical Stores Depots after a comparatively short period. On the other hand, there had been no complaint from the trade with regard to undercutting of prices. The conclusion which appeared to follow from this was that the Department was being efficiently run and that the prices were being fixed at about the right level. The Committee agreed that no special action was required.

34. *Mechanisation of cost accounting.*—In connection with paragraph 32 of the Review a member of the Committee pointed out that the Railway Department had not found mechanised accounting to be entirely successful. The Financial Adviser, however, stated that its value in the Military Accounts Offices had been definitely established, and that the only experimental element now was the application of the method to new types of accounts. Considerable savings in money had already been realised, and there was also a great saving of time.

35. *Loss of fodder in grass farms.*—The Committee noted that the Director of Audit, Defence Services, in paragraph 2 of his report, remarked that the increase in losses in two of the Circles would seem to call for remedial action. The Secretary, Defence Department, explained that the average loss was less than 1 per cent., and that cases where the loss had been abnormally high were being further investigated. In view of this explanation the Committee did not consider it necessary to make any recommendation on the subject.

36. *Stock position in Army Factories.*—A member of the Committee drew attention to the fact that the stocks at certain factories were considerably in excess of the suggested limits of three months' consumption in the case of local supplies and six months' in the case of supplies obtained from abroad. The Secretary, Defence Department, stated that in his opinion the supplies were not on the whole in excess of requirements, and that in the case of certain types of stores which were not obtainable in India a six months' supply was definitely inadequate.

Secretary of State's Accounts.

37. The Committee noted that the first paragraph of the Auditor's report on the military accounts of the Secretary of State indicated that there might be some inadequacy in the method of charging the War Office with the pay of the officers serving with a lent unit. They hoped that a further report would be given on this question next year.

38. The remainder of the Secretary of State's accounts and the accounts of the High Commissioner for India were briefly considered, and it was agreed that they did not call for any special action.

39. The Committee agreed that the accounts submitted to them this year maintained the high standard of previous years.

The Committee adjourned at 1-15 p.m.

APPEN

Statement showing action taken or proposed to be taken on recommendations,
PART I.—Civil, Military and

Serial No.	Year of Report.	Paragraph of Report or Proceedings.	Recommendations or suggestions.
			<i>Civil (Auditor General).</i>
1	1934-35	15 R. 36 P.	.. That the process of accounting of the expenditure of the Road Development Fund should be examined and the result of the investigations made available to the Committee next year.
			<i>Civil (Finance).</i>
2	1934-35	11 R. 3 P.	.. That Government should consider whether when special funds are set up in future from revenue surpluses they should not be constituted by a vote for a specific amount.
3	1934-35	6 P.	.. That the Finance Department should consider the question of amalgamating the sub-heads A1(1)—Interest on Permanent Debt, and A1(2)—Reserve Provision for service of new loan under Grant no. 25—Interest on Ordinary Debt.
4	1934-35	6 P.	.. That the question of giving the Financial Representative on the New Delhi Municipality special powers, e.g., to call for records having a financial bearing, and to make reports direct to the Chief Commissioner, Delhi, should be considered and a report made to the Committee in due course.
5	1934-35	17 R. 6 P.	... That refunds should strictly be treated as deductions from revenue instead of as expenditure and the practice of including them in the Demands for Grants and Appropriation Accounts should be discontinued from 1st April 1937.
6	1934-35	24 P.	.. That in the course of a year new projects should be sanctioned only on grounds of real urgency or because they produced economy.
7	1934-35	47 P.	.. That the Government of India should consider the whole policy of giving house building, motor car and other advances to Government servants.
			<i>Civil (Education, Health and Lands).</i>
8	1934-35	13 F.	.. That the possibility of increasing the income and decreasing the expenditure of the Karnal Farm should be considered.

DIX I.

etc., previously made by Public Accounts Committee.
Posts and Telegraphs.

Action taken or proposed to be taken.
On an examination of the existing procedure the Auditor-General has decided to include in future a suitable note under Grant no. 73-Civil Works, in the Appropriation Accounts (Civil), bringing together and explaining in one place the various transactions connected with the Road Development account which now appear under several distinct sub-heads so that the scope and objects of the expenditure will be easily comprehensible. He considers that no other change is necessary. The question of settling the complete programme of works at the beginning of the year, instead of dealing with it in two instalments as at present, is under consideration.
Noted.
The change has been introduced in the Demands for Grants for 1937-38.
The Financial Representative has been empowered to call for any papers having a financial significance, and to make representations either to the President of the Committee or to the Chief Commissioner.
The change has been introduced from 1st April 1937.
Noted.
The Government of India have decided to discontinue the grant of these advances.
Noted.

Serial No.	Year of Report.	Paragraph of Report or Proceedings.	Recommendations or suggestions.
9	1929-30 1934-35	114 P. 27 P.	.. <i>Civil (Foreign and Political).</i> That the question of the incidence of Persian Gulf Expenditure should be considered.
10	1932-33 1933-34 1934-35	14 R. 16 R. 13 R. 26 P.	.. That the Khassadar and other irregular excluded funds in the North West Frontier Province be closed down under proper audit within two to three months.
11	1928-29 1928-29 1929-30 1933-34 1934-35	25 R. 91 P. 118 P. 36 P. 20 P.	.. <i>Civil (Industries and Labour).</i> That the Government of India should consider the question of allocation of ecclesiastical expenditure between Civil and Defence Departments.
12	1932-33 1933-34 1934-35	31 P. 14 R. 23 P.	.. That in view of the large drop in value of stores purchased from the India Stores Department, London, the question of amalgamating it with the Indian Stores Department should be considered.
13	1934-35	18 P.	.. That the question of the abolition of the Hastings Street Press and transferring its work to the Dharamtala Press be examined and a report made to the Committee in due course.
14	1934-35	22 P.	.. That the desirability of scrapping Avro X be considered if there was to be no increase in its use for Government purposes.
15	1934-35	49 P.	.. That the Government of India consider the advisability of utilising the services of the Central Public Works Department more freely for the Posts and Telegraphs Department and other Departments as well.
16	1934-35	32 P.	.. <i>Civil (Commerce).</i> That the existing procedure of transferring at the end of the year the excess of receipts over expenditure to the general reserve fund of Lighthouses and Lightships by a vote be examined in consultation with the Auditor General.

Action taken or proposed to be taken.
The matter is under consideration.
All the Khassadar and other irregular funds have been closed and their past transactions are being audited by the Comptroller, North West Frontier Province.
A Committee was appointed by the Government of India to investigate the question. Their report is under consideration.
Sir James Pitkeathly has investigated this question and the Government of India are awaiting his report.
The question of the amalgamation of the Hastings Street Press with the Dharamtala Press is already under examination, and the Controller of Printing has been asked to prepare the necessary estimates and submit them to the Government of India.
It has been decided that the aeroplane should be given to the Aeronautical Training Centre, Delhi.
It does not appear to be practicable to make any radical change in the existing procedure since in many cases it would be both inconvenient and expensive to substitute the Central for the Provincial Public Works Department. The Central Government will however retain liberty to negotiate with a Provincial Government with a view to obtaining their agreement for the central execution of particular works when circumstances make this desirable.
The excess of receipts over expenditure of the Lighthouses and Lightships Department, as worked out from its commercial accounts, is transferred under rule 42 of the Lighthouse Accounting Rules each year to the General Reserve Fund—Lighthouses and Lightships—by debit to the minor head "Contribution to the General Reserve Fund" under the major head "27 (1) Lighthouses and Lightships". Thus it is through this head "Contribution to the General Reserve Fund", that a certain portion of the increased revenue taken to a receipt head of account is appropriated to the General Reserve. The Auditor-General is of opinion that more principles of accounts and expenditure control would be broken by avoiding the present arrangement, anomalous though it may seem, than are infringed by having a technical excess over grant. He also observes that a formal excess is inevitable with an improving commercial position.

Serial No.	Year of Report.	Paragraph of Report or Proceedings.	Recommendations or suggestions.
			<i>Military.</i>
17	1930-31 1931-32 1932-33 1933-34 1934-35	1 R. Military 3 R. Accounts 2 P. Committee. 4 R. 3 R. 2 P.	That the revision of the Army Regulations be completed as soon as possible.
18	1932-33 1933-34	33 P. Military 11 P. Accounts Committee.	That a report be made to the Committee after 2 years as to the success or otherwise of the scheme under which trained Public Works Department Accountants are taken for the Military Engineer Services.
19	1934-35	5 R. Military 6 P. Accounts 25 P. Committee.	That the appendices A and F to the Appropriation Accounts of the Defence Services be discontinued in future.
20	1934-35	2 R. Military 10 P. Accounts Committee.	That the Financial Adviser, Military Finance, should, in consultation with the Auditor-General, examine the question of the control of expenditure relating to the Military Engineer Services so as to conform expenditure more closely to the original programme as specified in the budget and report the result to the Committee next year. They should also investigate whether a specific provision in the reserve for the regrant of lapses would not lessen the rush of expenditure in the last quarter of the year.
21	1934-35	8 P. Military Accounts Committee.	That an exhortation be made for closer estimating to the various spending authorities.
22	1934-35	18 P. Military 19 P. Accounts Committee.	That the position regarding the overstocking of the R. A. F. Stores and Mechanical Transport Spares be investigated and a report submitted to the Committee next year.
23	1934-35	20 P. Military Accounts Committee.	That the Director of Audit, Defence Services, report on the question of the non-recovery or short-recovery of rent, water and electrical charges, etc., rather more specifically next year.
24	1934-35	21 P. Military Accounts Committee.	That the question of the payment of lodging allowance to military officers be investigated and a report submitted next year.
25	1934-35	4 R. Military 24 P. Accounts Committee.	That in the budget and appropriation accounts each individual item of transfer to and from the Defence Reserve Fund should be shown separately to facilitate appropriation audit.
			<i>Posts and Telegraphs.</i>
26	1934-35	50 P.	That the question of a lack of co-ordination between the Posts and Telegraphs and Printing Departments in effecting corresponding adjustments be investigated.

Action taken or proposed to be taken.
A memorandum showing the progress made has been submitted to the Committee (appendix IX).
A report has been submitted to the Committee (appendix X).
The recommendation has been adopted in the Appropriation Accounts for 1935-36.
The question has been dealt with in the Critical Review of M. E. S. expenditure <i>vide</i> paragraphs 134 to 136 and 138 of the Appropriation Accounts of Defence Services for 1935-36. Provision has been made in the Budget for 1937-38 for the re-grant of amounts surrendered, so far as they are known.
The Committee's recommendation has been brought to the notice of the estimating authorities
A report has been submitted to the Committee (appendix XI).
See paragraph 14 of the Audit Report, Defence Services, 1937.
A report has been submitted to the Committee (appendix XII).
The transfer from the Defence Reserve Fund to the Budget has been shown in the Budget for 1937-38 under the relevant heads. The question of showing such transfers in the Appropriation Accounts is still under examination.
The question has been examined by the Departments concerned and it is hoped that better results will be achieved in future.

APPENDIX II.

Statement comparing expenditure with grants for 1935-36.

Number and name of Grant or Appropriation.	Final Grant or Appropriation.	Expenditure.	Expenditure as compared with Grant or Appropriation.	
			Less than granted.	More than granted.
PART I.—CIVIL.	Rs.	Rs.	Rs.	Rs.
A.—EXPENDITURE CHARGED TO REVENUE.				
16. Customs—				
Voted	78,81,000	77,97,854	83,146	..
Non-voted	37,81,700	37,62,988	18,712	..
17. Taxes on Income—				
Voted	88,41,000	87,74,744	66,256	..
Non-voted	1,87,127	1,88,151	..	1,024
18. Salt—				
Voted	74,80,900	74,63,486	17,414	..
Non-voted	44,46,745	44,47,110	..	365
19. Opium—				
Voted	34,23,000	33,05,414	1,17,586	..
Non-voted	1,59,260	1,59,467	..	207
19-A. Excise—				
Voted	4,84,000	4,83,842	158	..
Non-voted	2,15,500	2,13,295	2,205	..
20. Stamps—				
Voted	18,42,000	16,92,162	1,49,838	..
Non-voted	33,700	31,463	2,237	..
21. Forest—				
Voted	5,13,000	5,00,108	12,892	..
Non-voted	1,45,000	1,42,611	2,389	..
22. Irrigation, etc.—Charged to Revenue—				
Voted	3,95,000	3,40,630	54,370	..
Non-voted	3,08,000	2,89,883	18,117	..
25. Interest on Ordinary Debt, etc.—				
Voted	42,39,000	41,67,826	71,174	..
Non-voted	1,62,63,000	1,62,37,577	25,423	..
26. Interest on Miscellaneous Obligations—				
Voted	66,28,000	66,78,358	..	50,358
Non-voted	10,85,70,000	10,79,01,013	6,68,987	..

Number and name of Grant or Appropriation.	Final Grant or Appropriation.	Expenditure.	Expenditure as compared with Grant or Appropriation.	
			Less than granted.	More than granted.
	Rs.	Rs.	Rs.	Rs.
PART I.—CIVIL.				
A.—EXPENDITURE CHARGED TO REVENUE—(continued).				
27. Staff, Household and Allowances of the Governor-General—				
Voted	4,60,000	4,43,067	16,913	..
Non-voted	9,51,974	9,53,310	..	1,336
28. Executive Council—				
Voted	90,000	1,00,381	..	10,381
Non-voted	4,77,400	4,77,498	..	98
29. Council of State—				
Voted	1,34,000	1,26,493	7,507	..
Non-voted	6,000	4,917	1,083	..
30. Legislative Assembly and Legislative Assembly Department—				
Voted	7,25,000	7,38,556	..	13,556
Non-voted	81,000	56,308	24,692	..
31. Foreign and Political Department—				
Voted	9,33,000	9,09,072	23,928	..
Non-voted	2,76,000	2,77,215	..	1,215
32. Home Department—				
Voted	6,79,900	6,66,041	13,859	..
Non-voted	11,75,584	11,72,849	2,735	..
33. Public Service Commission—				
Voted	1,79,000	1,79,605	..	605
Non-voted	2,06,557	2,06,388	169	..
34. Legislative Department—				
Voted	3,10,000	3,08,216	1,784	..
Non-voted	1,97,800	1,97,309	491	..
35. Department of Education, Health and Lands—				
Voted	6,05,000	5,53,706	51,294	..
Non-voted	1,55,285	1,55,819	..	534
36. Finance Department—				
Voted	9,91,000	9,88,194	2,806	..
Non-voted	3,34,467	3,34,239	228	..
38. Commerce Department—				
Voted	3,95,000	3,92,405	2,595	..
Non-voted	1,24,100	1,24,379	..	279

Number and name of Grant or Appropriation.	Final Grant or Appropriation.	Expenditure.	Expenditure as compared with Grant or Appropriation.	
			Less than granted.	More than granted.
PART I—CIVIL.	Rs.	Rs.	Rs.	Rs.
A.—EXPENDITURE CHARGED TO REVENUE—(continued).				
39. Defence Department—				
Voted	4,31,000	4,11,232	19,768	..
Non-voted	92,594	92,300	294	..
40. Department of Industries and Labour—				
Voted	4,84,000	4,72,819	11,181	..
Non-voted	1,29,540	1,29,491	49	..
41. Central Board of Revenue—				
Voted	2,08,000	2,07,902	98	..
Non-voted	1,46,400	1,44,923	1,477	..
42. Payments to Provincial Governments, etc.—				
Voted	1,56,000	1,55,404	596	..
Non-voted	66,370	66,206	164	..
43. Audit—				
Voted	96,91,000	96,13,039	77,961	..
Non-voted	8,43,000	8,46,475	..	3,475
44. Administration of Justice—				
Voted	55,000	54,641	359	..
45. Police—				
Voted	2,19,000	1,75,201	43,799	..
Non-voted	82,019	78,030	3,989	..
46. Ports and Pilotage—				
Voted	11,52,000	11,51,781	219	..
Non-voted	9,06,200	9,04,146	2,054	..
47. Lighthouses and Lightships—				
Voted	9,40,000	9,46,405	..	6,405
Non-voted	20,216	20,216	..	..
48. Survey of India—				
Voted	21,11,000	19,21,817	1,89,183	..
Non-voted	5,50,200	5,41,406	8,794	..
49. Meteorology—				
Voted	18,81,000	17,09,680	1,71,320	..
Non-voted	89,960	89,712	248	..
50. Geological Survey—				
Voted	2,02,000	1,95,490	6,510	..
Non-voted	2,03,430	2,01,147	2,283	..

Number and name of Grant or Appropriation.	Final Grant or Appropriation.	Expenditure.	Expenditure as compared with Grant or Appropriation.	
			Less than granted.	More than granted.
PART I.—CIVIL.	Rs.	Rs.	Rs.	Rs.
A.—EXPENDITURE CHARGED TO REVENUE—(continued).				
51. Botanical Survey—				
Voted	1,22,000	1,20,952	1,048	..
Non-voted	31,703	28,909	2,794	..
52. Zoological Survey—				
Voted	83,000	80,937	2,063	..
Non-voted	47,000	46,990	10	..
53. Archaeology—				
Voted	9,48,000	9,47,594	406	..
Non-voted	94,967	95,527	..	560
54. Mines—				
Voted	1,24,000	1,24,815	..	815
Non-voted	1,08,062	1,08,707	..	645
55. Other Scientific Departments—				
Voted	2,55,000	2,54,980	20	..
56. Education—				
Voted	6,11,000	6,04,058	6,942	..
Non-voted	27,186	27,177	9	..
57. Medical Services—				
Voted	6,22,000	6,24,714	..	2,714
Non-voted	2,10,609	2,17,337	..	6,728
58. Public Health—				
Voted	7,71,000	7,65,695	5,305	..
Non-voted	1,63,970	1,63,484	486	..
59. Agriculture—				
Voted	18,65,000	18,35,152	29,848	..
Non-voted	61,174	56,332	4,842	..
60. Imperial Council of Agricultural Research Department—				
Voted	9,17,000	9,16,868	132	..
Non-voted	1,08,977	1,08,769	208	..
60-A. Scheme for the Improvement of Agricultural Marketing in India—				
Voted	4,73,000	4,36,353	36,647	..
61. Civil Veterinary Services—				
Voted	6,90,000	6,63,776	26,224	..
Non-voted	43,200	43,056	144	..

Number and name of Grant or Appropriation.	Final Grant or Appropriation.	Expenditure.	Expenditure as compared with Grant or Appropriation.	
			Less than granted.	More than granted.
	Rs.	Rs.	Rs.	Rs.
PART I.—CIVIL.				
A.—EXPENDITURE CHARGED TO REVENUE—(continued).				
62. Industries—				
Voted	7,44,000	6,68,259	75,741	..
Non-voted	3,240	3,189	51	..
63. Aviation—				
Voted	16,55,000	16,13,166	41,834	..
Non-voted	11,500	11,537	..	37
63-B. Expenditure on the Development of Civil Aviation met from the Fund—				
Voted	1,000	..	1,000	..
64. Commercial Intelligence and Statistics—				
Voted	5,18,000	4,97,396	20,604	..
Non-voted	63,400	63,003	397	..
65. Census—				
Voted	1,000	1,644	..	644
Non-voted	144	194	..	50
66. Emigration—Internal—				
Voted	16,000	14,837	1,163	..
Non-voted	2,400	2,401	..	1
67. Emigration—External—				
Voted	1,91,000	2,02,464	..	11,464
Non-voted	53,658	53,107	551	..
68. Joint Stock Companies—				
Voted	1,29,000	1,16,651	12,349	..
Non-voted	16,403	16,163	240	..
69. Miscellaneous Departments—				
Voted	8,66,000	8,25,421	40,579	..
Non-voted	25,032	24,914	118	..
69-B. Expenditure on the Development of Broadcasting met from the Fund—				
Voted	1,000	..	1,000	..
70. Indian Stores Department—				
Voted	19,67,000	19,29,002	37,998	..
Non-voted	1,47,000	1,47,615	..	615

Number and name of Grant or Appropriation.	Final Grant or Appropriation.	Expenditure.	Expenditure as compared with Grant or Appropriation.	
			Less than granted.	More than granted.
	Rs.	Rs.	Rs.	Rs.
PART I.—CIVIL.				
A.—EXPENDITURE CHARGED TO REVENUE—(continued).				
71. Currency—				
Voted	19,19,000	19,06,079	12,921	..
Non-voted	70,700	72,437	..	1,737
72. Mint—				
Voted	22,37,000	21,12,699	1,24,301	..
Non-voted	76,500	76,281	219	..
73. Civil Works—				
Voted	2,15,85,000	2,09,87,170	5,97,830	..
Non-voted	15,34,000	15,34,603	..	603
74. Superannuation Allowances and Pensions—				
Voted	1,13,55,000	97,60,566	15,94,434	..
Non-voted	2,04,11,600	2,02,70,430	1,41,170	..
75. Stationery and Printing—				
Voted	34,69,000	33,06,614	1,62,386	..
Non-voted	47,464	47,463	1	..
76. Miscellaneous—				
Voted	23,78,000	22,40,736	1,37,264	..
Non-voted	27,72,325	28,16,618	..	44,293
76-A. Expenditure on Retrenched personnel charged to Revenue—				
Voted	56,000	45,899	10,101	..
Non-voted	10,940	10,160	780	..
76-B. Miscellaneous Adjustments between the Central and Provincial Governments—				
Voted	2,12,14,000	2,04,76,170	7,37,830	..
Non-voted	1,01,37,369	1,01,37,369	..	..
76-E. Transfer to the Fund for Sind and Orissa Buildings—				
Voted	45,00,000	45,00,000	..	..
76-F. Transfer to the Revenue Reserve Fund—				
Voted	1,97,00,000	1,84,09,026	12,90,974	..
77. Refunds—				
Voted	1,45,75,000	1,53,43,038	..	7,68,038
Non-voted	3,02,53,138	2,96,35,699	6,17,439	..

Number and name of Grant or Appropriation.	Final Grant or Appropriation	Expenditure.	Expenditure as compared with Grant or Appropriation.	
			Less than granted.	More than granted.
	Rs.	Rs.	Rs.	Rs.
PART I.—CIVIL.				
A.—EXPENDITURE CHARGED TO REVENUE—(continued).				
79. Baluchistan—				
Voted	68,29,800	68,23,683	6,117	..
Non-voted	44,74,700	44,54,886	19,814	..
80. Delhi—				
Voted	44,69,000	44,79,718	..	10,718
Non-voted	2,32,110	2,28,005	4,105	..
81. Ajmer-Merwara—				
Voted	14,71,000	14,55,299	15,701	..
Non-voted	1,47,995	1,49,066	..	1,071
82. Andamans and Nicobar Islands—				
Voted	27,19,000	27,03,368	15,632	..
Non-voted	2,17,750	2,18,037	..	287
83. Rajputana—				
Voted	3,99,000	3,96,978	2,022	..
Non-voted	7,36,130	7,33,772	2,358	..
84. Central India—				
Voted	3,27,000	3,19,412	7,588	..
Non-voted	6,13,945	6,16,672	..	2,727
85. Hyderabad				
Voted	42,000	43,594	..	1,594
Non-voted	5,36,526	5,37,957	..	1,431
85-A. Aden—				
Voted	5,74,000	5,72,906	1,094	..
Non-voted	3,59,801	3,57,911	1,890	..
86. Expenditure in England—Secretary of State for India—				
Voted	22,63,000	22,21,902	41,098	..
Non-voted	18,17,000	18,17,915	..	915
87. Expenditure in England—High Commissioner for India—				
Voted	26,39,000	25,16,814	1,22,186	..
Non-voted	32,91,000	32,76,998	14,002	..
<i>Ecclesiastical—</i>				
Non-voted	28,16,376	28,01,812	14,564	..
<i>Political—</i>				
Non-voted	1,23,63,010	1,21,86,954	1,76,056	..

Number and name of Grant or Appropriation.	Final Grant or Appropriation.	Expenditure.	Expenditure as compared with Grant or Appropriation.	
			Less than granted.	More than granted.
	Rs.	Rs.	Rs.	Rs.
PART I.—CIVIL.				
A.—EXPENDITURE CHARGED TO REVENUE—(concluded).				
Frontier Watch and Ward—				
Non-voted	1,94,06,226	1,93,41,892	66,334	..
Territorial and Political Pensions—				
Non-voted	30,99,000	30,63,991	35,009	..
Bangalore—				
Non-voted	14,67,074	14,61,739	5,335	..
Western India States Agency—				
Non-voted	18,02,771	17,93,472	9,299	..
Total—Expenditure charged to Revenue.	46,41,92,803	45,68,00,387	83,39,941	9,47,525
Total { Voted	20,30,49,600	19,74,91,996	64,34,806	8,77,302
Non-voted	26,11,43,203	25,93,08,391	19,05,045	79,222
B.—EXPENDITURE CHARGED TO CAPITAL.				
88. Capital Outlay on Security Printing—				
Voted	1,000	—90,247	91,247	..
89. Forest Capital Outlay—				
Voted	1,000	..	1,000	..
90. Irrigation Works (Not charged to Revenue)—				
Voted	1,000	..	1,000	..
92-A. Capital Outlay on Schemes of Agricultural Improvement and Research—				
Voted	27,65,000	20,80,878	6,84,122	..
93. Currency Capital Outlay—				
Voted	1,000	—76,589	77,589	..
Non-voted	5,00,00,000	5,18,99,269	..	18,99,269
94. Capital Outlay on Vizagapatam Port—				
Voted	12,50,000	5,47,860	7,02,140	..
Non-voted	—32,000	—32,271	271	..

Number and name of Grant or Appropriation.	Final Grant or Appropriation.	Expenditure.	Expenditure as compared with Grant or Appropriation.	
			Less than granted.	More than granted.
PART I.—CIVIL.	Rs.	Rs.	Rs.	Rs.
B.—EXPENDITURE CHARGED TO CAPITAL—(continued).				
95. Capital Outlay on Lighthouses and Lightships (Not charged to Revenue)— Voted	1,000	..	1,000	..
96-A. Capital Outlay connected with the institution of the provinces of Orissa and Sind— Voted	20,00,000	..	20,00,000	..
96. Commuted Value of Pensions— Voted Non-voted	22,26,000 25,94,400	21,33,526 25,77,363	92,474 17,037	.. ..
96-A. Expenditure on Retrenched personnel charged to Capital— Voted Non-voted	1,000 —40,000	—2,22,289 —40,103	2,23,289 103	.. ..
97. Delhi Capital Outlay— Voted	52,45,000	37,76,928	14,68,072	..
TOTAL—Expenditure charged to Capital	6,60,14,400	6,25,54,325	53,59,344	18,99,269
TOTAL { Voted	1,34,92,000	81,50,067	53,41,933	..
Non-voted	5,25,22,400	5,44,04,258	17,411	18,99,269
C.—DISBURSEMENTS OF LOANS AND ADVANCES.				
98. Interest Free Advances— Voted	82,18,000	84,87,613	..	2,69,613
99. Loans and Advances bearing interest— Voted	11,00,72,000	9,94,28,089	1,06,43,911	..
TOTAL—Disbursements of Loans and Advances— (Voted)	11,82,90,000	10,79,15,702	1,06,43,911	2,69,613
TOTAL—Civil	64,84,97,203	62,72,70,414	2,43,43,196	31,16,407
TOTAL { Voted	33,48,31,600	31,35,57,765	2,24,20,740	11,46,996
Non-voted	31,36,65,603	31,37,12,649	19,22,456	19,69,562

Number and name of Grant or Appropriation.	Final Grant or Appropriation.	Expenditure.	Expenditure as compared with Grant or Appropriation.	
			Less than granted.	More than granted.
PART II.—POSTS AND TELEGRAPHS.	Rs.	Rs.	Rs.	Rs.
A.—EXPENDITURE CHARGED TO REVENUE.				
23. Indian Posts and Telegraphs Department— Voted Non-voted	10,55,95,000 95,35,000	10,58,07,734 95,17,595	.. 17,405	2,12,734 ..
B.—EXPENDITURE CHARGED TO CAPITAL.				
91. Capital Outlay on Indian Posts and Telegraphs Department— (Not charged to Revenue)— Voted Non-voted	55,06,000 1,000	39,20,647 3,491	15,85,353 ..	.. 2,491
TOTAL—Posts and Telegraphs	12,06,37,000	11,92,49,467	16,02,758	2,15,225
TOTAL { Voted	11,11,01,000	10,97,28,381	15,85,353	* 2,12,734
Non-voted	95,36,000	95,21,086	17,405	2,491
PART III.—RAILWAYS.				
A.—EXPENDITURE CHARGED TO REVENUE—				
1. Revenue—Railway Board— Voted Non-voted	8,54,000 3,98,000	8,67,928 3,97,192	.. 808	13,928 ..
2. Revenue—Audit— Voted Non-voted	14,63,000 2,62,000	14,38,386 2,59,602	24,614 2,398	.. ..
3. Revenue—Miscellaneous Expenditure— Voted Non-voted	12,49,990 14,11,000	10,85,103 13,84,022	1,64,887 26,978	.. ..
4. Revenue—Refunds— Voted	12,00,000	13,88,639	..	1,88,639
5. Revenue—Payments to Indian States and Companies— Voted	3,46,25,000	3,40,20,478	6,04,522	..

Number and name of Grant or Appropriation.	Final Grant or Appropriation.	Expenditure.	Expenditure as compared with Grant or Appropriation.	
			Less than granted.	More than granted.
PART III.—RAILWAYS.	Rs.	Rs.	Rs.	Rs.
A.—EXPENDITURE CHARGED TO REVENUE—(concluded).				
6-A. Revenue—Working Expenses—Maintenance of Structural Works—				
Voted	8,65,24,900	8,60,92,831	4,32,069	..
Non-voted	33,09,000	33,59,876	..	50,876
6-B. Revenue—Working Expenses—Maintenance and Supply of Locomotive Power—				
Voted	16,92,60,000	16,68,16,518	24,43,482	..
Non-voted	14,44,000	14,32,000	12,000	..
6-C. Revenue—Working Expenses—Maintenance of Carriage and Wagon Stock—				
Voted	6,19,50,000	6,23,36,138	..	3,86,138
Non-voted	8,56,000	8,50,410	5,590	..
6-D. Revenue—Working Expenses—Maintenance of Ferry Steamers and Harbours—				
Voted	28,70,000	28,57,079	12,921	..
Non-voted	29,000	26,482	2,518	..
6-E. Revenue—Working Expenses—Expenses of Traffic Department—				
Voted	10,74,19,700	10,67,51,659	6,68,041	..
Non-voted	18,31,000	18,15,686	15,314	..
6-F. Revenue—Working Expenses—Expenses of General Departments—				
Voted	4,73,40,000	4,65,17,949	8,22,051	..
Non-voted	22,74,000	22,71,682	2,318	..
6-G. Revenue—Working Expenses—Miscellaneous Expenses—				
Voted	4,18,00,000	4,14,09,144	3,90,856	..
Non-voted	12,31,000	12,08,541	22,459	..
6-H. Revenue—Working Expenses—Electric Service Department—				
Voted	1,22,75,000	1,16,77,796	5,97,204	..
Non-voted	1,07,000	1,06,207	793	..
I. Revenue—Appropriation to Depreciation Reserve Fund—				
Voted	13,28,00,000	13,24,96,472	3,03,528	..

Number and name of Grant or Appropriation.	Final Grant or Appropriation.	Expenditure.	Expenditure as compared with Grant or Appropriation.	
			Less than granted.	More than granted.
PART III.—RAILWAYS.	Rs.	Rs.	Rs.	Rs.
A.—EXPENDITURE CHARGED TO REVENUE—(concluded).				
8. Revenue—Interest Charges—				
Voted	2,78,000	2,72,886	5,114	..
Non-voted	31,34,52,000	31,36,26,768	..	1,74,768
9. Temporary withdrawals from Depreciation Reserve Fund—				
Voted	4,53,59,000	3,99,39,883	54,19,117	..
Total—Railway Expenditure charged to Revenue	1,07,38,72,590	1,06,27,07,357	1,19,79,582	8,14,349
Total { Voted	74,72,68,590	73,59,68,889	1,18,88,406	5,88,705
Non-voted	32,66,04,000	32,67,38,468	91,176	2,25,644
B.—EXPENDITURE CHARGED TO CAPITAL.				
11. Capital—New Construction—				
Voted	26,00,000	29,01,375	..	3,01,375
Non-voted	5,000	4,652	348	..
12. Open Line Works—				
Voted	14,72,50,000	11,46,43,862	3,26,06,138	..
Non-voted	3,20,000	2,25,152	94,848	..
Total—Railways—Expenditure charged to Capital	15,01,75,000	11,77,75,041	3,27,01,334	3,01,375
Total { Voted	14,98,50,000	11,75,45,237	3,26,06,138	3,01,375
Non-voted	3,25,000	2,29,804	95,196	..
Total—Railways	1,22,40,47,590	1,18,04,82,398	4,46,80,916	11,15,724
Total { Voted	89,71,18,590	85,35,14,126	4,44,94,544	8,90,080
Non-voted	32,69,29,000	32,69,68,272	1,86,372	2,25,644

[23RD AUG. 1937.]

Number and name of Grant or Appropriation.	Final Grant or Appropriation.	Expenditure.	Expenditure as compared with Grant or Appropriation.	
			Less than granted.	More than granted.
	Rs.	Rs.	Rs.	Rs.
PART IV.—DEFENCE SERVICES.*				
A.—EXPENDITURE CHARGED TO REVENUE—				
Defence Services—Effective—India—Non-voted ..	35,46,15,000	35,38,05,000	8,10,000	..
Defence Services—Effective—England—Non-voted ..	6,00,37,000	5,99,30,000	1,07,000	..
Defence Services—Non-effective—India—Non-voted ..	3,64,55,000	3,65,23,000	..	68,000
Defence Services—Non-effective—England—Non-voted ..	5,07,54,000	5,06,56,000	98,000	..
Defence Reserve Fund—Non-voted ..	—10,56,000	9,39,000	..	19,95,000
Total—Defence Services—Non-voted	50,08,05,000	50,18,53,000	10,15,000	20,63,000
Grand Total	2,49,39,86,793	2,42,88,55,279	7,16,41,870	65,10,356
Total { Voted ..	1,34,30,61,190	1,27,68,00,272	6,85,00,637	22,49,719
Non-voted ..	1,15,09,35,603	1,15,20,55,007	31,41,233	42,60,637

* The figures are gross.

APPENDIX III.

Letter from the Auditor-General of India, to the Secretary to the Government of India, Finance Department, no. 127-Rep./118-36, dated the 29th of April 1937.

SUBJECT :—Appropriation Accounts (Civil), 1935-36 and the Audit Report, 1937.

SIR,

With reference to paragraph 13 (2) of the Government of India (Commencement and Transitory Provisions) Order, 1936, and paragraph 13 of the Government of India, Finance Department, letter No. D./29-Ref./37, dated the 8th January 1937, I have the honour to transmit herewith two copies of the Appropriation Accounts of the Central Government (Civil) for the year 1935-36 and the Audit Report, 1937, together

with two copies of the Commercial Appendix to these documents, prepared by the Accountant General, Central Revenues, for submission to the Public Accounts Committee and for necessary action by the Governor General in Council.

2. Two copies of the accounts of receipts and disbursements of the Secretary of State and the High Commissioner for India, on behalf of the Central Government, under the heads other than those relating to Military Services, for the year 1935-36, together with two copies of the relevant Appropriation Accounts, and the reports thereon, prepared by the Auditor of Indian Home Accounts, are also forwarded.

3. The Appropriation Accounts and the Audit Report of the Accountant General, Central Revenues, together with the Appendix containing Commercial Accounts, have, as usual, been examined in detail under my instructions and I find them generally to be in order. I have no supplementary comments of my own to add at this stage.

* * * * *

LETTER FROM THE AUDITOR-GENERAL, TO THE FINANCE DEPARTMENT, GOVERNMENT OF INDIA, NO. T. 238-REP./12-37, DATED THE 27TH MAY 1937.

SUBJECT :—Appropriation Accounts (Posts and Telegraphs Department), 1935-36 and the Audit Report, 1937.

With reference to paragraph 13 (1) (i) of the Government of India (Audit and Accounts) Order, 1936, and paragraph 13 (2) of the Government of India (Commencement and Transitory Provisions) Order, 1936, and paragraph 13 of the Government of India, Finance Department letter No. D./29-Ref./37, dated the 8th January 1937, I have the honour to transmit herewith two copies of the Appropriation Accounts of the Posts and Telegraphs Department for the year 1935-36 and the Audit Report, 1937, issued by the Accountant General, Posts and Telegraphs, for submission to the Committee on Public Accounts, and for necessary action by the Governor General in Council.

2. The Appropriation Accounts and the Audit Report have, as usual, been subjected to a detailed examination in my office and I have satisfied myself that they are generally in order. I have no supplementary comments of my own to add.

LETTER FROM THE AUDITOR-GENERAL, TO THE FINANCE DEPARTMENT, GOVERNMENT OF INDIA, NO. T. 243-REP./11-37, DATED THE 28TH MAY 1937.

SUBJECT :—Appropriation Accounts (Defence Services), 1935-36 and the Audit Report, 1937.

I have the honour to forward herewith for necessary action two copies of the Appropriation Accounts of the Defence Services for the year 1935-36 prepared by the Financial Adviser, Military Finance, together with two copies of the Audit Report, 1937, prepared by the Director of Audit, Defence Services.

2. I also transmit herewith two copies of the accounts of receipts and disbursements of the Secretary of State and the High Commissioner for

India on account of Defence Services for the year 1935-36, together with two copies of the relevant Appropriation Accounts, and the Reports thereon prepared by the Auditor of Indian Home Accounts.

3. It is understood that these documents will, according to the normal procedure, be subjected to a preliminary examination by the Military Accounts Committee before being presented to the Public Accounts Committee.

4. The Appropriation Accounts and the Audit Report have, as usual, been subjected to a detailed examination in my office, and I have satisfied myself that they are generally in order. It has been my practice to direct attention to specific topics or paragraphs in the Appropriation Accounts and the Audit Report, but unless I have supplementary comment to make which I consider to be important I propose no longer to do so. Both Accounts and Report have now assumed a form and scope well adapted for the purpose for which they are prepared, and it seems no longer necessary that the Defence Department should be given guidance in the preparation of material for the sessions of the Military Accounts and Public Accounts Committees which is not afforded to other departments. On the present occasion I have no supplementary comment to add.

LETTER FROM THE AUDITOR-GENERAL, TO THE FINANCE DEPARTMENT,
GOVERNMENT OF INDIA, NO. T. 694-REP.11-37, DATED THE 19TH JULY 1937.

SUBJECT :—Appropriation Accounts (Defence Services), 1935-36 and the Audit Report, 1937.

In continuation of my letter No. T. 243-Rep.11-37, dated the 28th May 1937, forwarding copies of the Accounts and Report mentioned above, I have the honour to forward herewith for necessary action two copies of the Commercial Appendix to the Appropriation Accounts of the Defence Services for the year 1935-36 and the Report thereon of the Director of Audit, Defence Services.

2. The Commercial Appendix was not received by me until the 14th July 1937. I have thus not been able to forward the Appendix with my comments to Government in sufficient time before the meetings of the Military Accounts Committee. I trust that it will be possible in future to avoid such delay in the submission of the Appendix.

3. There is nothing in the Financial Adviser's review or in the report of the Director of Audit, Defence Services, which I desire to qualify and the results of the examination of these commercial accounts may be regarded as satisfactory.

APPENDIX IV.

Mathematical Instrument Office, Survey of India.

At the meeting of the Public Accounts Committee held on the 23rd July 1936 it was reported that Government was investigating the following two points :—

- (a) possibility of charging a portion of the cost of the Mathematical Instrument Office to Survey parties and recovering a part of the expenditure from Local Governments to whom the Survey of India renders service,

REPORT OF THE PUBLIC ACCOUNTS COMMITTEE.

- (b) the extent to which the Indian Stores Department could use the Mathematical Instrument Office.

2. The result of these investigations is given below :—

- (a) Every Department that makes use of the Mathematical Instrument Office pays its share of the cost of that office in the shape of overheads charged on the direct cost of the work done; in the case of Survey parties the transactions are *pro-forma* only since no payments are actually made.
- (b) The Indian Stores Department is not at present equipped with technical staff competent to handle, with the same efficiency as the Mathematical Instrument Office, the purchase and inspection of instruments of precision which, before being issued for use, often require calibration, adjustment and repair of damage sustained in transit. In addition, the maintenance of the Mathematical Instrument Office is essential for the purpose of local manufacture and repair of instruments. It makes for considerable economies by taking back unserviceable or surplus instruments from Government Departments and issuing them to other Departments after necessary adjustments. None of these functions can possibly be taken over by the Indian Stores Department. All stores, the purchase of which is arranged by the Indian Stores Department, are delivered by suppliers direct to indenting Departments and the Stores Department is not so constituted as to receive and stock the materials and arrange for their issue after any adjustments or repairs. To equip the Stores Department for the purchase of mathematical instruments will not therefore be in line with the organisation of that Department and it will involve a duplication of effort and consequently of additional and unnecessary expenditure.

3. During the discussion in the Public Accounts Committee it was suggested that the staff of the Test House, Alipore, had inadequate occupation and that it should be amalgamated with the Mathematical Instrument Office. The correct position is that the present staff of the Test House is more than fully occupied with its legitimate work and the institution is steadily growing with development of industrial activities in the country. The suggestion for the amalgamation of the two organisations has been carefully considered in consultation with the Chief Controller of Stores and the Surveyor General. The Mathematical Instrument Office is a depot for the supply, repair and adjustment of optical, scientific and mathematical instruments and the manufacture of special apparatus for the use of Government departments and consists of a series of small workshops, which are equipped with a wide range of high quality precision machine tools and are staffed to carry out high precision work in connection with the repairing and maintenance of geodetic survey instruments and apparatus for Survey and other technical Departments. Since this office carries out highly specialised and skilled instrument repair and production work, its staff consists of skilled instrument makers, fitters and skilled machine hands, and the officers are experts in the production of components of high precision instruments and apparatus and the testing and adjustment of optical and other types of surveying instruments. The Test House, on the other hand, is equipped and staffed to

undertake industrial testing and standardisation of technical materials and stores and deals with the analysis of chemicals, minerals, metals, soaps, etc., and the physical testing of metals, stone, cement, textiles, wires, and rubber and rubber canvas accessories, etc. It carries out the testing of electric batteries and accumulators, fans, etc., and undertakes the calibration but not the repair of electrical indicating instruments. Work connected with maintenance and repairs to plant, the preparation of metal test pieces for tests, and the construction of small equipment and apparatus for the various laboratories is carried out in a small workshop of the Test House. Its capacity is very limited and it confines itself to general engineering work of ordinary workshop standard. It is not really equipped to undertake precision work of any kind.

4. From what is stated above it is clear that there is neither any similarity in the work of the two organisations, nor any overlapping or duplication of work. The Test House is neither equipped nor staffed to undertake work connected with apparatus and instruments of high precision. It is therefore not considered practicable to amalgamate the two organisations.

APPENDIX V.

Demi-official letter from the Finance Secretary to the Heads of other Departments of the Government of India, no. D-1950-B., dated the 11th of March 1937.

The Public Accounts Committee at its last meetings suggested that the Finance Department should attempt to instil into the spending departments of the Government of India some of the more general precepts arising out of the recent considerations of that Committee. My intention was to do something of this sort at the budget conference of Secretaries but I inadvertently omitted to do so. I propose to repair the position in this letter and I would request you to bring these matters to the notice of officers in your department and in the departments under your administrative control.

2. The main criticisms of the Public Accounts Committee in recent years have been directed to

(a) insufficient current control over the expenditure of a year leading to unjustified supplementaries (i.e., unjustified in the sense that provision ought to have awaited the next regular budget), unnecessary supplementaries (i.e., unwarranted by the eventual actuals), unspent and unrendered appropriations;

(b) the too ready diversion to other purposes of sums provided for in an original budget, but subsequently found to be unnecessary or excessive for the purpose;

(c) inaccurate budgeting.

3. Many of these points hang together. There is plenty of evidence in the Finance Department that all these matters are left much too much to the care of subordinates and that officers do not themselves regard this sort of thing as worthy of their time or attention. There is evidence that departments do not surrender savings because they fear that this

may result in the cutting down of their next year's budget allotment. There is evidence that when fresh (but not technically "new") items of expenditure arise in the course of a year, departments are prone to admit their inevitability (and often the consequential inevitability of a supplementary) much too readily. The Public Accounts Committee has got the impression (which the accounts not infrequently indicate) that the existence of likely savings in a current allotment (particularly in allotments for works) is deliberately seized as an opportunity to introduce fresh items of expenditure which ought to wait till next year.

4. The process of controlling expenditure is not to adapt the appropriations to the expenditure, but the expenditure to the appropriations, and any considerable re-appropriation from one sub-head to another must always raise suspicions in the minds of the members of the Public Accounts Committee. That fresh expenditure is unquestionably unavoidable, or imperatively necessary, or that it will produce consequential economies or that it is essential for preserving the revenue or the public safety are reasonable justifications for introducing fresh expenditure during the course of a year, but even so the Public Accounts Committee will ordinarily require to be satisfied that the requirement could not have been foreseen and provided for in the budget. Even in such circumstances too, especially if a supplementary is involved, the Public Accounts Committee would often want to know why something else could not be dropped out in order to make room for this emergent need. The process of re-appropriation is not designed merely to repair omissions of foresight.

All this applies as much to non-votable matters as to votable.

5. The revised estimate, in our experience, too often merely repeats the budget figure of the year to inspire confidence that it is a genuine re-estimation of requirements in the light of the knowledge to date. It seems doubtful if the controlling officer usually troubles to ascertain what is the real position in regard to outstanding liabilities, or whether he obtains definite information of the intention of creditors in respect of the presentation of their claims, or whether he is explicitly aware of the usual sorts of adjustments against his allotments which take place after the close of the year. A frequent remark in the appropriation accounts is that an adjustment took place after the 31st March, as though this completely exonerates the controlling officer.

6. I attach to this letter certain extracts from the manual of one of the departments which you may find of use.

Practically all of what I have said above is contained in this Department Office Memorandum no. D-3516-B., dated the 9th October 1935, but I repeat that these processes are not such as should be left to be conducted wholly by subordinates. The pulse of the expenditure of a department is not an unimportant manner of judging of the efficiency of its administration.

4. Probably the most valuable single aid to estimating the future is the course of past actuals unless there have been violent changes due to expansion or retrenchment. This does not mean a slavish repetition of

the actuals of the past year, either for the revised of the current year or for the budget of the next. The last year may have had abnormal features in it and the figures of a previous year may be a safer guide. There may be discoverable in a series of past actuals a regular process of increase or decrease which may seem likely on the whole to continue in the present and in the next year, and this should not be overlooked. Any reasonably certain special and calculable abnormal features of the current and next year should be separately taken into account, but to estimating officers abnormal features often seem more abnormal at close quarters than when viewed in a proper perspective, and it must not be overlooked that the figures of the past also cover generally a regular proportion of unique features of their particular years.

5. Estimating both for budget and revised can occasionally be done by calculation or by determining actual commitments, but in normal circumstances the usual manner is by the help of past actuals. It may in future be found advisable if possible to have five past years' figures available, for among those two or even three years' figures will often be found to be quite abnormal. In the ordinary course the more recent actuals are the more useful.

6. The making of a revised estimate for the current year should always precede an estimate of a future year. A revised estimate is framed in the light of—

- (a) the actuals so far recorded in the current year ;
- (b) the actuals for the same period of the past and previous years ;
- (c) the 12 months' actuals of the past and previous years ;
- (d) orders, already issued or contemplated, of appropriation or re-appropriation or sanction to expenditure ; and
- (e) any other relevant facts.

8. A budget estimate for the next year is much more of the nature of an estimate than is the revised. It should be framed in the light of—

- (a) the revised of the current year ;
- (b) the 12 months' actuals of the last and previous years ;
- (c) any recognisable regularity in past years' figures ; and
- (d) any special features known to be, or likely to be, arising during the next year (but see the latter portion of paragraph 4).

Under several heads there is never any reason to do other than repeat the revised estimate of the current year.

APPENDIX VI.

Note regarding works expenditure.

We have been led to examine afresh certain aspects of works expenditure. We do not depart from the position that the M. E. S., the P. W. D. and the Railway Department in respect of works expenditure should be required in general to conform to rules which are designed to assure the

same broad principles of Parliamentary financial control as other spending authorities ; that is to say, they must frame a definite programme of expenditure for the year as the basis of the Budget Estimate, and must conform to this as far as practicable. Ordinarily, a project should not be entered in the estimates until it has sufficiently advanced, that is to say, by the preparation of estimates and the obtaining of sanctions, etc., as to be ready to have money spent on it in the budget period. But owing to the special difficulties which exist in drawing up a stable works programme, possibly a year before it is to be carried out, we recognise that the foregoing requirements may have to be relaxed for good and concrete reasons in certain cases. We suggest that the Government may be allowed, in fact should be encouraged, to append to the Demands for Grants a further list of works in contemplation which may be substituted for works included in the budget if at the time of execution it is found that one or other of the latter, for some cogent reason, may or should be postponed or slowed down in favour of one or other of the former. This supplementary list should not ordinarily total more than about 25 per cent. of the budget list. It would naturally be regarded as having less sanctity than the primary list and departures from the latter should not be undertaken lightly. Apart from this, when in a really unforeseen emergency works obviously necessary (e.g., for financial reasons, or for the purpose of protecting human life) though not included in the budget or in the supplementary list, are actually carried out and financed by postponing a work included in the budget and reappropriating the funds provided for it, it should be recognised by the Public Accounts Committee, if the reasons are valid, that this may be a proper and necessary proceeding not deserving adverse criticism. But otherwise than in a proved case of urgent necessity, the programme of works should not go outside the two lists referred to above. Of course, there may be occasions when it will be necessary to obtain extra funds by means of a supplementary grant to cover a new work.

In the case of the civil works grants when the budget has been sanctioned, the Finance Department proceed to place the appropriations with or without some reservation at the disposal of the I. and L. Department which then manage its detailed utilisation throughout the year. When in the course of this management, the I. and L. Department find that money cannot be usefully applied to the purpose for which it was allocated in the budget, as an exception to the ordinary "surrender" procedure they need not surrender these funds to the Finance Department. Amounts may be reappropriated by the I. and L. Department to some other approved work on the supplementary list, if that can be undertaken with advantage during the year or to some urgent and unforeseen project which may have to be carried out at once. In such cases the I. and L. Department should be the authority to decide between the competing claims of different administrative Departments and that Department should regard itself as responsible for ensuring that if, otherwise than through the procedure of a supplementary vote, a work not entered in either of the lists is undertaken during the year, there are cogent reasons against its execution being delayed till the following year. The Appropriation Accounts should record these reasons and also give any explanation unless the same is self-evident why the work could not have been foreseen at the stage of making the budget. We make these recommendations recognising that it is desirable that in each year the restricted

amount which may be available for works should be fully spent, both on economic grounds and in order to avoid later budgetary inconvenience. However, in saying this, the Committee does not wish to convey the impression that it is prepared to relax the financial powers of the legislature, and it will scrutinise the recorded reasons as hitherto very jealously.

If the Finance Department consider that there may be any further expedients which in a practical way will meet the special difficulties in the administration of works expenditure, while maintaining the sanctity of the principles of Parliamentary financial control, we shall be glad if those expedients together with the views here expressed may be referred for examination by the Auditor-General in consultation with the I. and L. Department and of course with the Finance Department also and put before us in due course.

APPENDIX VII.

Comparative Statement of Expenditure on Major Works (1935-36) (Figures in thousands of rupees).

Demand.	Sub-head.	Budget provision (including supplementary demand and additional non-voted appropriation).	Actual expenditure.	Savings.	Excesses.
22—Irrigation, etc.	C. 3 (1)	88	57	31	..
63B—Civil Aviation	A. 1 (1)	16,01	10,80	5,21	..
	B.	1,20	..	1,20	..
69B—Broadcasting	B	80	76	4	..
73—Civil Works	A. 1 (1) Non-voted ..	33	33	..	..
	A. 1 (1) Voted ..	1,33	2,26	..	93
	A. 2	2,07	77	1,30	..
	A. 3 (1) Non-voted ..	94	51	43	..
	A. 3 (1) Voted ..	95	67	28	..
	B. 1	1	32	..	31
	B. 2 (1)	30	22	8	..
	B. 3 (1)	3,08	372	..	64
Political	J. 1 (1) Non-voted ..	30	45	..	15
Frontier Watch and Ward.	C. 1	4,15	2,87	1,28	..
	C. 2	16,20	16,07	13	..
	C. 3	4,85	4,33	52	..
	C. 4	8,62	8,32	3	..
92A—Capital Outlay on Agriculture.	A. 1	4,00	1,49	2,51	..
	A. 2	23,20	17,79	5,41	..
94—Vizagapatam Harbour.	C.	2,54	11	2,43	..
	D.	60	1,10	..	50
	E.	8,09	2,74	4,35	..
	Carried over ..	1,00,45	77,29	25,78	2,62

Demand.	Sub-head.	Budget provision (including supplementary demand and additional non-voted appropriation).	Actual expenditure.	Savings.	Excesses.
	Brought forward ..	1,00,45	77,29	25,78	2,62
97—Delhi Capital Outlay.	A. 1	35	31	4	..
	A. 4 (1)	20,47	15,07	5,40	..
	A. 5 (1)	16,21	12,51	3,70	..
	A. 12	60	76	..	16
	A. 13	5,76	20	5,56	..
	Total ..	1,43,84	1,06,14	40,48	2,78
	Net saving ..	37,70	..	..	..

Note.—Since the above figures were compiled, it has been found on recheck that the particulars under Frontier Watch and Ward include 20,07 under Original Provision and 20,05 under actual expenditure, which should be taken under Repairs instead of under Original Major Works. Allowing for these, the correct totals would be as follows:—

	1,23,77	86,09	40,46	2,78
Net saving ..	37,68	..	..	..

APPENDIX VIII.

Memorandum regarding the fixing of percentages of variations between grant or appropriation and actual expenditure in the appropriation accounts of the Posts and Telegraphs Department below which explanations need not ordinarily be furnished.

The principle followed in the matter of furnishing explanations between grant or appropriation for a sub-head and the actual expenditure under it for purpose of inclusion in the Appropriation Accounts is stated in paragraph 57 of Appendix 16 of the Audit Code (extract enclosed).

2. Hitherto, no formal agreement was reached, with the concurrence of the Committee on Public Accounts as required in the rule cited above, as to the limit below which variations need not be explained in the Appropriation Accounts. The procedure followed in this connection so far in the Posts and Telegraphs Department, was the outcome of an informal understanding between the Audit and Administrative authorities that differences less than Rs. 1,000 or 1 per cent. of the grant should not be explained—unless the difference, though less than 1 per cent. of the grant, was of some magnitude. The grant sanctioned for the Indian Posts and Telegraphs Department is distributed over thirteen separate controlling units, the major portion being divided between eight circles

into which the postal and telegraph administration of India is divided. The head of each of these Circles known as Postmaster-General has very large powers of appropriation and reappropriation and any small variation in any unit in each of these Circles tend to swell the grand total for the whole of India. The arrangement has accordingly caused much inconvenience in actual working and unnecessary correspondence and labour without producing any commensurate results. The necessity for the fixation of more convenient limits has been under careful examination for some time past.

3. After reviewing the whole position in consultation with the Accountant-General, Posts and Telegraphs, and the Finance Department it has been agreed that the following sliding scales in respect of all variations may be adopted for a period of two years, after which it may be further revised, if necessary, in the light of the experience gained :—

(A) Modifications of grants or appropriations. No explanation will be necessary :—

- (i) In cases where the modifications (i.e., addition to or deduction from the original grant) are less than Rs. 1,000.
- (ii) If the modification is for Rs. 1,000 or more but is less than 15 per cent. of the original grant.

(B) Savings—

- (i) No explanation will be necessary in cases where the variations are less than Rs. 1,000.
- (ii) Explanations should be given—

(a) If the saving is Rs. 1,000 or more ..	and is also more than 10 per cent. of the final grant or appropriation.
(b) If the saving is Rs. 5,000 or more ..	" " 8% " "
(c) If the saving is Rs. 10,000 or more ..	" " 6% " "
(d) If the saving is Rs. 20,000 or more ..	" " 5% " "

(C) Excesses—

- (i) No explanation need be given if the excess is less than Rs. 1,000.
- (ii) Explanation should be given if the excess is more than Rs. 1,000 and is also more than 1 per cent. of the final grant or appropriation.

This is always subject to the exception that if any important matter of principle is involved, the matter will always be brought to light.

4. The Auditor-General has been consulted and supports the above proposals. Approval of the Public Accounts Committee to their adoption with effect from the Appropriation Accounts for 1936-37 is requested.

EXTRACT (PARAGRAPH 57) FROM APPENDIX 16, TO THE AUDIT CODE—
INSTRUCTIONS FOR THE PREPARATION OF APPROPRIATION ACCOUNTS AND
AUDIT REPORTS—SECOND EDITION REVISED.

57. (a) It is unnecessary to explain the reasons for individual re-appropriations, withdrawals, surrenders or supplementary provisions unless—

- (i) they are of appreciable size, or

- (ii) the expectations with which they were made or obtained have fallen notably short of fulfilment.

(b) Trivial discrepancies between the final figure of the grant or appropriation for a sub-head and the actual expenditure under it need not be explained. If possible, an agreement should be reached with the Government and the Committee on Public Accounts, prescribing a money-limit, possibly modified by a percentage limit, below which discrepancies may be disregarded as trivial.

APPENDIX IX.

Note on the revision of the Army Regulations (Item 17 of the statement printed as Appendix I).

Both the Rules and Instructions of "Regulations* for the Army in India" are now in the press for final copies to be struck off and distributed. "Regulations for Civilians paid from Defence Services Estimates" are in press for final proof which on receipt will be submitted to the India Office for the approval of the Secretary of State. It is expected that "Pay and Allowance Regulations" will be ready for the press by the middle of July.

In accordance with instructions received from the India Office the various regulations are to be divided into two parts, viz., Rules by the Secretary of State and Regulations by the Governor General under those rules. The "Regulations for Civilians" have been prepared on those principles, and these principles will be followed in all future cases of revision. It is hoped to take the revision of "Passage Regulations, India" in hand very shortly.

APPENDIX X.

Note on the scheme for the employment of trained Public Works Department Accountants in the Military Engineer Services (Item 18 of statement printed as Appendix I).

It is understood from paragraph 11 of the proceedings of the Military Accounts Committee published as an Annexure 1 to the report of the Public Accounts Committee on the accounts for 1933-34, that the intention of the Committee was to have a report on the success or otherwise of the scheme after it had been tried for two years.

The scheme was introduced in April 1936. From the reports received from the Controllers it is observed that no noticeable improvement has so far been effected in the Military Engineer Services accounts by the Public Works Department Accountants. It is, however, realised that the task of changing or improving an established accounting procedure is by no means an easy one, and it is therefore too early to say anything definite about the success or otherwise of the scheme. A further report on the subject will be submitted after the period of two years is over.

*Including a separate book of "Leave Rules".

APPENDIX XI.

Note regarding R. A. F. Stores and M. T. spare parts (Item 22 of the statement printed as Appendix I).

(R. A. F. stores.)

With reference to the desire expressed by the Military Accounts Committee in paragraph 18 of their Report on the Accounts of 1934-35, it is not proposed to refer again to the improvements already introduced, as indicated in paragraph 2 of Annexure III of that report.

2. Further progress has been made in the matters mentioned below—

- (1) *Equipment Tables*.—Certain preliminary work has been done and the compilation of the tables will follow the completion of the Equipment Regulations to which priority was given.
- (2) *Provision Instructions*.—These have been completed and incorporated in the draft of the revised Equipment Regulations for the Air Forces in India instead of being made a separate publication.
- (3) *Revision of Equipment (Stores) Regulations for the Air Forces in India*.—The revision is practically completed and the draft of the new edition will shortly be placed before the Defence Department for approval prior to publication. The D. A. D. S. and M. A. G. have been consulted in matters requiring their agreement or advice. Every effort has been made in the course of the revision to observe all rules of general applicability contained in Financial Regulations; Regulations for the Army in India; Store Accounting Instructions and other relevant publications, and where necessary cross references have been included in the new edition.
- (4) *Review of Stock limits*.—This review has proved to be more involved, and has entailed far more work, than was originally visualised. Apart from a detailed examination of the existing stock limits, and their adequacy or otherwise in the light of recent appreciations of India's accepted Defence commitments, it has been necessary to investigate the problem of war wastage in considerable detail and its repercussions on equipment organisation and supply in times of emergency. Much of the basic work common to all categories of equipment has been completed.

(a) *General Equipment*.

The draft of the proposals has been completed and this together with an appreciation of the general factors requiring consideration has been circulated to R. A. F. units with a view to eliciting any helpful suggestions, before the final draft is placed before the Government of India.

(b) *Airframes and engines*.

The draft of the proposals is nearing completion but final consideration has yet to be given to certain matters including the formulae for

calculation of output of overhauled and repaired aircraft by repair units during emergencies.

(c) *Mechanical Transport*.

(d) *Explosives*.

(e) *Petrol, oil and lubricants*.

Some further progress has been made and with the completion of much of the basic work common to all categories, the draft of the proposals under these heads will be completed in a shorter time than was required in respect of (a) and (b) above.

M. T. Spare Parts.

In paragraph 66 of his report for 1935 (on the accounts for 1933-34) the D. A. D. S. drew particular attention to the disposal of large quantities of spares pertaining to two types of vehicles, viz., Albion A10 Type 3 ton lorries and Holt tractors and suggested that there was perhaps an overstocking of all mechanical transport spare parts. The D. A. D. S. made a comparison of the issues made in 1933-34 of spare parts pertaining to the types of vehicles concerned, with the balances left over on 31st March 1934 and as they were much in excess of 27 months' consumption—a figure which was held to constitute a working basis for the calculation of stocks at the time—he concluded that there was evidence of overstocking.

2. There are, however, obvious fallacies in a reckoning of this sort. In the first place the formula would be alright with an equipment or vehicle which does not change in type from year to year. This however is not the case with M. T. Type change but new types are not introduced and all old types discarded all at once. There is a gradual change over. With the reduction in the numbers of a certain type of vehicle in the service, issues of spare parts pertaining to that type are automatically reduced, and the closing balances are correspondingly increased in relation to the number of vehicles in the service. The issues at such a time do not therefore represent the true provisioning basis.

This is obvious in the two cases in question. The Albion A10 vehicle was a vehicle of 1914-18 design. The number of this type on 31st March 1934 was 110 against an original establishment of 391. In regard to the stock of spares for the Holt Tractors, it may be mentioned that the Tractors formed part of Field Army units and their efficient maintenance is much more important than that of vehicles in back areas. These vehicles were of American manufacture, retained in the service long after their economic life for want of a suitable replacement. The vehicles were also commercially obsolete and it was therefore imperative that a sufficient stock of spares should be maintained.

3. Another factor that accounts for apparent excess stock is that stocks of spares for obsolescent types of vehicles are not put up for disposal until the whole fleet of vehicles concerned is thrown up. Stocks rendered surplus are eaten down by reducing future orders. It will be appreciated that when a vehicle has to be kept beyond the termination of its economic life the cost of maintenance must be heavy. Parts which are not subject to

early wear are usually expensive and it is these parts which have to be stocked in greater quantities when the vehicles are getting older. Obviously it is more economical to retain the excess stocks of the spares until the type of vehicle is completely thrown out of service than throw up the surpluses as soon as there is a reduction in the number of that vehicle.

4. A third factor which determines the size of the stock is the nature of the type of vehicles introduced into the service.

Prior to the introduction of the six-wheeled vehicle, much of the fleet was composed of war time or early post war vehicle. In the initial stage of mechanisation there was no reliable data for provisioning and no statistics to revise the rate of contribution for the M. T. Equalisation Fund and deemed essential. The stocks of spares for these were inflated, as the vehicles had completed a period of stress in Waziristan resulting in increased maintenance spares.

In deciding the stocks to be laid in for the six-wheeled vehicle, it was necessary to consider the fact that a new type of vehicle was being introduced in the service with a cross country performance far in advance of anything previously possible. Another equally important factor was that the vehicle was untried commercially. It was therefore decided that a sum equal to 12 per cent. of the capital cost of the vehicles would have to be provided for initial stocks of spare parts.

A comparison made in 1932 of the stocks of M. T. held in India with those held by certain transport firms in England revealed that the stocks were by no means excessive.

5. All Army vehicles, whether within or beyond their limit of economic life have to be maintained in such a state of mechanical efficiency as will enable them to take the field immediately on mobilization. This, it will be appreciated, means holding more stocks than any civil transport organisation would feel bound to hold.

6. With the recent development of mechanization, the following factors have operated to cut down stocks :—

- (a) Standardisation of vehicles and the adoption of commercial types of vehicles for army requirements.
- (b) Cutting down of initial stocks of spares in the case of new vehicles from 12 to 6 per cent. as a result of reduction in the period of supply and certain other reasons mentioned below.
- (c) Developing of motor trade in the country through opening of agencies of the principal motor manufacturers of the United Kingdom and the setting up of the assembly plants of Ford and General Motors.
- (d) Drawal of stores from firms' stocks against running and rate contracts.
- (e) Introduction of the 'cellar' system of carrying stocks in cases of tyres and tubes of Messrs. Dunlops.

7. The results are reflected in the stocks of the M. T. :—

					Number of M. T. vehicles in service.	Value of spare parts. (In lakhs).
1931-32	..	..	..	..	4,458	69.17
1932-33	..	..	..	..	4,630	66.99
1933-34	..	..	..	..	4,687	50.49
1934-35	..	..	..	..	4,571	49.83
1935-36	..	..	..	..	4,823	45.48
1936-37	..	..	..	..	4,690	42.31

Taking advantage of the rate contracts concluded with Ford and General Motors, the stock per vehicle of Ford and General Motors has been reduced as low as Rs. 68 and Rs. 157 respectively.

8. It is expected that as the result of the findings of the "Standardisation Committee" assembled under the orders of the Q. M. G. in India further economies will be effected in vehicle provision and maintenance. There is a proposal to enter into rate contracts with the principal motor manufacturers in the United Kingdom; when these contracts are concluded, the time taken to obtain spare parts imported from England will be considerably reduced. This will enable further reductions being made in the stock of M. T. spares.

9. During the past seven years the authorities have followed a policy of extending the life of vehicles wherever possible, and the necessity for maintaining a larger stock of spares as the vehicles grow older has already been explained. The extension of the vehicle life has enabled the authorities to revise the rate of contribution for the M.T. Equalisation Fund and to release for expenditure on other essential services, a sum of Rs. 44 lakhs out of the accumulated balances in the Fund.

APPENDIX XII.

Note on the payment of compensation to Military Officers for inferior quarters (Item 24 in the statement printed as Appendix I).

In connection with the grant of compensation for inferior accommodation, the Military Finance Branch have made the following proposals :—

- (a) That the grant of compensation for inferior quarters to military officers should be abolished and that in cases where the accommodation allotted is less than that authorised, the officers may be permitted to pay the assessed rent of the quarters and draw the lodging allowance to which they are entitled if more advantageous to them.
- (b) That for the purpose of recovery of a reduced rate of rent or a portion of lodging allowance a building should not be declared wholly or partially uninhabitable for climatic reasons.

2. The Q. M. G.'s Branch have accepted the second proposal and have agreed to the view that the rule regarding compensation when a building is rendered wholly or partially uninhabitable was not intended to cover cases arising out of climatic considerations.

3. With regard to the first proposal, that Branch have stated that the principle of granting compensation for inferior accommodation is of long standing and that several classes of personnel other than officers have all along been eligible for it. That Branch also apprehended that the concession implied in the proposal of paying assessed rent if more favourable would, in practice, be nullified by the fact that assessed rent is seldom, if ever, cheaper than lodging allowance to officers. The objections of the Q. M. G.'s Branch have been considered by the M. F. Branch and the file is at present under consideration by the Q. M. G. in India.

APPENDIX XIII.

Annual Certificates of the Quartermaster-General in India.

I certify that on 31st March 1937, the war reserves of stores authorised by the Government of India to be held at that date for the mobilization of the Army in India (less transport units in Northern Command, for which a separate certificate will be rendered) and detailed in the published War Equipment Tables, or provided for under specific sanctions, for the provision and maintenance of which I am responsible, were complete to the extent to which the quantities required have been calculated, with the exception of fluctuations normal to the maintenance of such reserves, or to shortage and deficiencies due to sanctioned alterations in such reserves, the adjustment of which is in hand, and with the exceptions shown in the attached annexure.

A. M. MOENS, *Lieut.-General*,
Q. M. G.

26th May 1937.

ANNEXURE TO CERTIFICATE, DATED 26TH MAY 1937.

Vehicles.

Deficiencies in the authorized numbers of M. T. vehicles to be held in mobilization reserve :—

(i) Motor cycles, solo.

4th Cav. Bde. Signal Troop ..	..	4
2 Light Tank Coys. ..	..	4
4th Field Brigade, R. A. ..	..	14
D. A. Us. and C. A. Us. ..	..	33
" A " and " B " Corps Signals ..	..	8
		63

Orders for 63 Norton motor cycles, solo, have been placed and these are under delivery.

(ii) Motor cars, class " D ".

D. A. Us. and C. A. Us. ..	..	2
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Orders for 2 Austin. 7-h. p., 2 seater, motor cars, class " D " have been placed.

(iii) Motor vans.

" A " and " B " Corps signals ..	..	16
----------------------------------	----	----

The deficiency will be made up by converting 16 Ford model " A " car chassis (which are being released by Commands on receipt of new staff cars) to standard van chassis and fitting them with van bodies.

(iv) Lorry, 30-cwt., four-wheeled.

Indianization Indian Signal Corps 1937-38 ;	..	1
4th Divl. Signals ..	..	

The deficiency will be met by necessary adjustment, consequent on the release of three 30-cwt. four-wheeled lorries by 13th Heavy Battery, R. A.

(v) Lorries, 30-cwt., six-wheeled.

(a) Indianization. Indian Signal Corps, 1936-37 ..	..	4
(b) Mechanization of Draught Cable Sacs., Corp Sigs. ..	..	4
(c) R. H. A. Battery, Risalpur ..	..	3
(d) Indianization, Indian Signal Corps, 1937-38 ..	..	4

15

(a) and (b) The deficiency will be met by building eight Q. M. G. type bodies and fitting them to type 16 tractor chassis which will be released by the 4th Field Brigade, R. A. on receipt of new Morris CD|SW type tractors.

(c) The deficiency will be made good from the type 15 lorries which will become surplus to the establishment of the 4th Field Brigade, R. A. when the new Morris CD|SW type tractors are received.

(d) The deficiency will be met by readjustment, when the 30-cwt., four-wheeled lorries on charge of the 13th Heavy Battery, R. A. are

released and the Morris "SW" type, class "E" car chassis become surplus consequent on replacement by motor cars and vans.

(vi) *Trailer, water tank, 110 gallons.*

Peshawar Dist. Signals 1

Orders for 1 water tank trailer have been placed.

(vii) *Lorries, derrick, 30-cwt., six-wheeled* .. 4

The deficiency will be made good by converting four type 16 chassis to derrick lorries; the work is already in hand.

(viii) *Lorries, disinfecter* 4

The deficiency will not be made good, until a suitable vehicle is evolved.

Mobilization equipment of Supply Units.

The existing mobilization equipment of Supply units is at present being re-distributed to complete Supply Units (less P. O. L. Sections) of the new organization to scale as far as it is possible to do so. A statement of case for the provision of funds to complete all Supply Units was submitted to the Mobilization Committee. In their meeting no. 3 of 1937, they agreed that the provision of war equipment for P. O. L. Sections was of primary importance and should be proceeded with at once. A statement of case for the provision of funds for this purpose has been submitted to P. S. Os.

The allotment of funds to complete other Supply Units to scale in accordance with the published W. E. Ts. is under examination at Army Headquarters.

I certify that on 31st March 1937, the war reserves of stores authorized by the Government of India to be held at that date for the mobilization of R. I. A. S. C. (Transport) units in Northern Command and detailed in the published War Equipment Tables, or provided for under specific sanctions, for the provision and maintenance of which I am responsible, were complete to the extent to which the quantities required have been calculated, with the exception of fluctuations normal to the maintenance of such reserves, or to shortage and deficiencies due to sanctioned alterations in such reserves, the adjustment of which is in hand.

2. This certificate is provisional in the case of the units in Rawalpindi and Waziristan Districts, as a considerable amount of equipment from these Districts is in use in the field, and is consequently not at present accounted for. Modifications to the certificate in respect of units in these two Districts will, if necessary, be submitted at the conclusion of the Operations.

A. M. MOENS, *Lieut.-General,*

Q. M. G.

3rd June 1937.

APPENDIX XIV.

Annual Certificate of the Master-General of the Ordnance in India.

I certify that on 31st March 1937 :—

1. The mobilization equipment and clothing authorised to be held for the mobilization of the Army in India and detailed in published War Equipment Tables was complete to the extent to which the quantities have been provided with the following exceptions :—

- (a) Fluctuations due to the normal maintenance of such equipment.
- (b) Deficiencies due to a fire in Quetta Arsenal on the 30th March 1937 when a considerable amount of mobilization equipment was destroyed.
- (c) Deficiencies due to the utilization of mobilization equipment for the Waziristan Operations, 1937. These deficiencies are temporary in character and will be automatically rectified on demobilization.

2. War Maintenance Reserves detailed in published W. M. R. Statements, and which have been provided, were complete with the exception of fluctuations normal to the maintenance and turn-over of such reserves and with the following exceptions :—

- (a) In a total of 642 items the war maintenance reserves had to be drawn on to carry out peace time maintenance. Of these 611 items were in connection with the Waziristan Operations, and 22 were caused by shortage of peace time working stocks. Steps were in all cases taken to place orders to complete the deficiencies created.
- (b) The stocks of 18-pdr. ammunition which are held do not cover the requirements of Royal Horse Artillery Batteries : these are temporarily armed with 18-pdr. equipments, whilst their new 3.7" equipments are being manufactured.
- (c) A shortage in reserve of 640 miles of D8 Single Cable has not been made up as an increase in the scale of wireless sets may render this unnecessary.

3. Materials and semi or fully manufactured articles, including tools and machinery which have been set aside in Ordnance Factories, or provided for them from specially allotted funds, as reserves to enable expansion after mobilization to be carried out according to programme, were complete with the exception of quantities temporarily withdrawn to meet urgent maintenance requirements; all such withdrawals were covered by stores on order.

R. K. HEZLET, *Major-General,*

Officiating Master-General of the Ordnance in India.

28th May, 1937.

Report of the Public Accounts Committee.

PART II.—RAILWAY ACCOUNTS.

Financial results of the year.—The following table compares the original and revised estimates with the actual expenditure incurred during the year under report :—

	(Lakhs of rupees.)		
	Budget.	Revised	Actuals.
(1) Traffic receipts (less refunds)	93.50	90.00	90.65
(2) Miscellaneous receipts	2.02	2.11	2.13
(3) Working expenses	64.43	64.01	64.12
(4) Miscellaneous expenditure	1.30	1.27	1.26
(5) Interest charges	31.69	31.37	31.39
(6) Surplus (+) or Deficit (—)	—1.90	—4.54	—3.99
(7) Contribution to general revenues	..	..	..
(8) Payments to (+) or withdrawals from (—) Reserve	..	..	..
(9) Loans from Depreciation Fund	1.90	4.54	3.99

It was thus necessary to meet a deficit of 3.99 lakhs, as compared with 5.06 lakhs in the previous year, by a loan from the depreciation fund, and the Railways were again unable to make any contribution to general revenues.

2. *Excesses over voted grants.*—There were four excesses over voted grants as compared with six in the previous year :—

	Final Grant.	Actual expenditure.	Excess.
	Rs.	Rs.	Rs.
1. Revenue—Railway Board	8,54,000	8,67,928	31,928
4. Revenue—Refunds	12,00,000	13,88,639	1,88,639
6-C. Revenue—Working Expenses—Maintenance of carriage and wagon stock ..	6,19,50,000	623,36,138	3,86,138
11. Capital—New construction	26,00,000	29,01,375	3,01,375

Brief explanations of these excesses are given below :

Demand No. 1.—The excess was mainly due to an adjustment after the close of the year in respect of care-taking and departmental charges for office accommodation relating to the years 1930-31 to 1932-33.

Demand No. 4.—It is not possible to budget accurately for refunds. The excess occurred mainly on the North-Western Railway and was partly the result of an increase in traffic booked to Afghanistan.

Demand No. 6-C.—The excess represents less than 1 per cent. of the total grant. It was due to increased expenditure during the latter part of the year on repairs to coaching and goods vehicles and on the overhauling of old stock.

Demand no. 11.—It was found possible towards the close of the year to proceed more rapidly than had been anticipated with the construction of a bridge on the Assam-Bengal Railway.

We recommend that the necessary excess grants be voted by the Legislative Assembly.

3. *Irregular reappropriation and special items of expenditure.*—Rule 52 (2) of the Indian Legislative Rules requires us to bring to the notice of the Assembly every reappropriation from one grant to another, every reappropriation within a grant which is not made in accordance with the rules prescribed by the Finance Department, and any items of expenditure which the Finance Department may request us to bring specially to notice. We have no items to report under any of these heads.

4. *Minutes of Proceedings.*—We append the minutes of our proceedings which we desire, as usual, to be regarded as a part of our report. In the following paragraphs we shall refer only to some of the more important questions considered in the course of our discussions.

5. *Accuracy of budgeting and control of expenditure.*—The accounts of the year show a total saving of Rs. 57.6 lakhs or .56 per cent. under revenue expenditure (exclusive of withdrawals from the depreciation fund) and a saving of Rs. 3.24 lakhs or 21.57 per cent. under capital expenditure. This compares as follows with the results achieved in the four preceding years :—

Year.	(Lakhs of Rupees.)			Percentage of column (3) to column (2)
	Final grant and appropriation.	Savings (—) or Excess (+)		
<i>Expenditure charged to revenue (excluding appropriations to and from the depreciation fund).</i>				
1931-32		1,01.38	—4.24	4.18
1932-33		97.36	—37	.38
1933-34		96.81	—4	.04
1934-35		1,02.48	+5	.05
1935-36		1,02.85	—57	.56
<i>Expenditure charged to capital and depreciation fund.</i>				
1931-32		29.18	—4.95	16.96
1932-33		19.55	—2.66	13.60
1933-34		17.34	—3.03	17.42
1934-35		19.25	—4.84	25.14
1935-36		15.02	—3.24	21.57

The position appears to be satisfactory so far as revenue expenditure is concerned, but there is still considerable room for improvement in connection with capital grants. We hope that the Railway Board in their discussions with the Agents of the various Railways will emphasise the importance of more accurate budgeting. We also wish to draw attention to our recommendation that lump cuts should be more freely applied in cases where past actuals indicate repeated savings under a particular head.

As in the case of the Civil Appropriation Accounts, we observed that a considerable number of variations were due to accounting changes made during the course of the year, and we wish to draw attention to what we have said in this connection in part I of our report.

6. *Explanations given in the Appropriation Accounts and in the Railway Audit Report.*—In some cases it might have been unnecessary to obtain further information verbally from the witnesses if the explanations given in the Appropriation Accounts had been more illuminating. We hope that the administrative and accounting authorities will collaborate in attempting to secure an improvement in this respect in future years.

It would also be useful from our point of view if in connection with the lists of questionable reappropriations, etc., the Director of Railway Audit would in future indicate in addition which of the items he still regards as unsatisfactory after considering the explanations of the administrative authorities.

7. *Revision of Railway Codes.*—We attach considerable importance to this work and we were gratified to learn that satisfactory progress is now being made. We hope that it will be possible to complete the revision of all the Codes before the meetings of next year's Committee.

8. *Capital at charge of Railways.*—We discussed at some length the reduction of Rs. 8·31 crores in the capital at charge of the Railways on account of the application of the current statutory rate of exchange to yet unliquidated liabilities which had previously been converted at the rates in force at the time when they were undertaken. Some of us consider that even if this decision was in accordance with correct accounting principles the burden of the interest charges in respect of the amount in question should not in present circumstances have been transferred from the Railways to the general taxpayer.

9. *Saloons maintained for the use of railway officers.*—We find it somewhat difficult to believe that it is really necessary to maintain as many saloons for the use of railway officers as exist at present. We attach considerable importance to our recommendation that the possibility of reducing the number of such saloons should be further investigated, and that pending the completion of the enquiry no further expenditure should be incurred on renewals.

10. *Free passes for railway officials.*—We were informed that since the general retrenchment the issue of free passes to railway officials had been restricted to a considerable extent. As, however, no recent information is available regarding the number of passes actually issued, we consider it desirable that a census should be taken as soon as this can conveniently be done, and we hope that the results of the census will be reported as early as possible.

11. *Regrouping or amalgamation of Railways.*—In response to a request made by our predecessors an interesting note was supplied to us on this subject (appendix VIII). However, we think that before final decisions can be arrived at, still further information will be required. On the information available to us we are inclined to favour amalgamation in principle provided that it offers financial advantages or at least means no financial deterioration.

12. *Encouragement of third class passenger traffic.*—We were gratified to learn that this matter is receiving the constant attention of the railway authorities. We hope that our suggestion with regard to the use of Indian languages

in connection with railway time-tables and notices will receive attention, and that the Railway Board will not relax their efforts to improve the amenities provided for third class passengers.

13. *Financial position of the Railways.*—After we had completed our detailed examination of the Appropriation Accounts and connected documents the Chief Commissioner was good enough to give us a statement (appendix XIII) regarding the financial position of the Railways. We note with satisfaction that the figures for 1936-37 represent an improvement of about Rs. 5½ crores over those of the year under report, and that the figures so far available for the current financial year indicate a still further increase in railway revenues. We hope, however, that the Railway Board will not lose sight of the need for effecting all possible economies, and that they will continue their efforts to achieve a satisfactory solution of the problem of road-rail competition.

14. *Wedgwood Committee's Report.*—We also discussed at our final meeting the report recently submitted by the Wedgwood Committee, which was appointed as a result of a recommendation made by last year's Public Accounts Committee. We feel considerable disappointment at the conclusions reached by the Committee with regard to the financial prospects of the Railways, and we find difficulty in reconciling these conclusions with the information which was supplied to us regarding the continued improvement in railway revenues. A majority of us dissent strongly from certain of the proposals made by the Committee, and have appended a minute (pages 273—280) expressing our views and recommending that Government should take no action on the more important proposals until the report has been considered by the Legislature.

15. *Acknowledgments.*—We wish to thank the Auditor-General for the very great assistance which we have received from him throughout our proceedings. We also wish to place on record our appreciation of the efficient service rendered to us by Mr. Shearer as Secretary to the Committee.

J. C. NIXON.

B. DAS.

N. G. RANGA.

JOGENDRA SINGH.

SHER MOHAMMAD KHAN.

S. SATYAMURTI.

MOHAMMAD YAKUB.

BHAI PARMA NAND.

R. D. DALAL.

ABDUL HAMID.

FAZL-I-HAQ PIRACHA.

J. B. SHEARER,

Secretary.

7th August 1937.

L183LAD

Proceedings of the first meeting of the Public Accounts Committee held on Wednesday, the 21st of July 1937, at 2-30 p.m.

PRESENT :

The Hon'ble Mr. J. C. NIXON, C.S.I., C.I.E., I.C.S.,
Finance Member.

Mr. B. DAS.

Professor N. G. RANGA.

Sirdar JOGENDRA SINGH.

Captain Sardar Sir SHER MOHAMMAD KHAN, Kt.,
C.I.E., M.B.E.

Mr. S. SATYAMURTI.

Maulvi Sir MOHAMMAD YAKUB, Kt.

Bhai PARMA NAND.

Dr. R. D. DALAL, C.I.E.

Khan Bahadur Sir ABDUL HAMID, Kt., C.I.E., O.B.E.

Khan Bahadur Shaikh FAZL-I-HAQ PIRACHA.

The Hon'ble Sir GUTHRIE RUSSELL, K.C.I.E., Chief
Commissioner of Railways.

Mr. B. M. STAIG, C.S.I., I.C.S., Financial Commissioner,
Railways.

Mr. T. S. SANKARA AIYAR, Director of Finance.

Mr. H. CARTER NORBURY, Controller of Railway
Accounts.

Sir ERNEST BURDON, K.C.I.E., C.S.I., I.C.S., Auditor-
General.

Mr. B. N. MITRA, Director of Railway Audit.

Mr. A. J. RAISMAN, C.I.E., I.C.S., Finance Secretary.

The Committee first considered the statement showing action taken or proposed to be taken on previous recommendations.

2. *Lump cuts made in the estimates by the Railway Board.*—The Chief Commissioner stated that in connection with these cuts the Railway Board discriminated between Railways, making larger cuts in the case of those whose estimates have been found to be less accurate. The Committee agreed that such

Chairman.

Members.

Witnesses.

discrimination was desirable and desired to have further information regarding the working and results of this system. The Financial Commissioner agreed to consider what further information on the subject could usefully be supplied.

3. *Review of the Appropriation Accounts.*—At this stage a member of the Committee drew attention to the fact that the Review of the Appropriation Accounts, which in previous years had been issued in the name of the Financial Commissioner, was now issued in the name of the Chief Commissioner of Railways. It was explained that this year's Review had in fact been written, as in the past, by the Financial Commissioner and had been subsequently accepted by the Chief Commissioner. There was therefore no real change of procedure, and it could be assumed that while the Railway Board had made themselves formally responsible for the publication it still represented the views of the Financial Commissioner. It had been considered desirable on the other hand that the officer who was mainly responsible for the spending of the money should accept responsibility for the Review, and the Auditor-General had agreed that this procedure was correct in principle.

4. *Delay in the submission of completion reports.*—The Chief Commissioner stated that on the average there had been a distinct improvement in this respect. The Committee, however, desired to receive a further report next year with regard to the effect of the orders recently issued (appendix III).

5. *Revision of Railway Codes.*—The Financial Commissioner stated that Mr. K. C. Srinivasan, the officer who had been placed on special duty for the purpose of revising these Codes, was making good progress and hoped to complete most of the Codes before the end of the current calendar year. The Committee agreed that this was satisfactory but wished to have a further report on the subject next year.

6. *Recommendations made by the Pope Committee.*—It was explained that the report on this subject had not been included in the Review because it was considered that the Review should as far as possible be confined to questions directly connected with the Appropriation Accounts. The report had however been submitted separately (appendix IV). The Committee presumed that such reports would continue to be submitted for the present.

7. The consideration of some other items in the statement was postponed since the Committee had not had time to study the explanatory memoranda issued by the Railway Board.

Comments of the Auditor-General on the Appropriation Accounts (Appendix II).

8. *Capital at charge of Railways.*—Paragraph 4 of the Auditor-General's letter was the subject of considerable discussion. It was explained that the reduction of 8·31 crores in the capital at charge of the Railways was due to the application of the current statutory rate of exchange to liabilities which had previously been converted at the rates in force at the time when they were undertaken. The Auditor-General stated that he had been satisfied that this writing down was in accordance with correct accounting principles, and it was mentioned that the liabilities charged to general revenues had been similarly written down when the present rate of exchange was fixed. Mr. Satyamurti, however, argued that it was not justifiable in present circumstances to transfer from the Railways to the general taxpayer the interest

charges on the amount in question. When a vote was taken five members supported this view, three did not wish to express any opinion and two (apart from the Chairman) supported the Auditor-General's decision.

9. *Allocation of expenditure on rolling stock.*—The Financial Commissioner explained that the convention on this subject had been accepted by all the Railways except the B. B. & C. I. The question had recently been referred to the Secretary of State, and the Railway Board were doing everything possible to reach a settlement.

Chief Commissioner's Review of the Appropriation Accounts.

10. In connection with the figures given in paragraphs 3 and 15 of the Review, the Chairman suggested that the revised estimates as such should not be shown in this connection, and that it should be considered whether it would not be more appropriate to give the final appropriation less surrenders. The Auditor-General agreed to consider this question.

11. *Paragraph 16.*—The Committee agreed to recommend an excess vote under "Maintenance of carriage and wagon stock".

12. *Paragraph 17.*—A member of the Committee drew attention to the fact that on the Madras and Southern Mahratta Railway an excess of 2½ lakhs had occurred partly because no provision had been made through oversight for renewals and replacement of assets of worklines for which no depreciation fund is maintained. The Committee desired it to be examined whether it was a fact, and if so whether it was correct, that no depreciation fund could or should be maintained for these lines.

13. *Paragraph 19.*—The Committee noted that a variation of 2½ lakhs was stated to be due to a change in classification made in the course of the year. The Financial Commissioner stated that in this particular case there had been a mistake in the framing of the budget. It was agreed, however, that even in such cases it would, unless in any case the Auditor-General thought otherwise, be preferable to account for the expenditure against the wrong appropriation during the year in question and to make the necessary change in the budget of the following year. The Committee desired that this principle should be brought to the notice of all accounting officers concerned.

14. *Paragraph 26.*—The Committee agreed to recommend the necessary excess vote under "Railway Board".

15. *Paragraph 38—Depreciation Reserve Fund.*—The Chief Commissioner stated that the expenditure from the fund had not in any year exceeded the amount allocated to it. Mr. Satyamurti suggested that this might be due to the fact that the Railway Board were not spending enough on repairs and renewals, and that in the interest of safety increased expenditure might be desirable. It was explained that a special staff of Government Inspectors was employed in order to ensure that the necessary standards of safety were maintained, and these Inspectors had never reported that lines or rolling stock were unsafe although in some cases they had reported that less essential items such as fencing had not been maintained up to the usual level.

16. *Paragraph 41.*—The Committee agreed to recommend the necessary excess grant under "Refunds".

17. *Paragraph 45 and Annexure B.*—The Committee considered that fuller explanations should be given with regard to the items included in these lists. It would be preferable to have a full explanation of a number of selected items in addition to the list itself.

18. *Annexures C. and D.*—There was considerable discussion regarding the comparative figures given in these annexures. In connection with the Eastern Bengal Railway the Committee noted with regret that the increase in the operating ratio appeared to be due not so much to a fall in traffic as to an increase in working expenses.

The Committee adjourned at 5 p.m.

Proceedings of the second meeting of the Public Accounts Committee held on Thursday, the 22nd of July 1937, at 10-45 a.m.

PRESENT :

The Hon'ble Mr. J. C. NIXON, C.S.I., C.I.E., I.C.S.,
Finance Member, *Chairman*.

Mr. B. DAS.

Professor N. G. RANGA.

Sirdar JOGENDRA SINGH.

Captain Sardar Sir SHER MOHAMMAD KHAN, Kt., C.I.E.,
M.B.E.

Mr. S. SATYAMURTI.

Maulvi Sir MOHAMMAD YAKUB, Kt.

Bhai PARMA NAND.

Dr. R. D. DALAL, C.I.E.

Khan Bahadur Sir ABDUL HAMID, Kt., C.I.E., O.B.E.

Khan Bahadur Shaikh FAZL-I-HAQ PIRACHA.

Members.

19. The Committee met a quarter of an hour before the usual time in order to consider, before the arrival of the witnesses, the question whether the verbatim record of the evidence should continue to be published as in previous years, or whether the printed record should be confined to the report and the summary of the proceedings. After some discussion it was agreed that the existing practice of publishing the evidence should be continued for the present, but that the question might be reconsidered on the inception of the Federation.

20. The following were also present during the remainder of the proceedings :—

The Hon'ble Sir GUTHRIE RUSSELL, K.C.I.E., Chief Commissioner of Railways.

Mr. B. M. STAIG, C.S.I., I.C.S., Financial Commissioner, Railways.

Mr. T. S. SANKARA AIYAR, Director of Finance.

Mr. H. CARTER NORBURY, Controller of Railway Accounts.

Sir ERNEST BURDON, K.C.I.E., C.S.I., I.C.S. Auditor-General.

Mr. B. N. MITRA, Director of Railway Audit.

Mr. A. J. RAISMAN, C.I.E., I.C.S., Finance Secretary.

Witnesses.

21. *Annexure B in the Chief Commissioner's Review.*—The Financial Commissioner gave some further information regarding items 22 and 23 in this annexure, but it was admitted that the mistakes had been due to inadvertence on the part of the budgeting authorities. The Committee considered that the wrong provision of so large a sum as Rs. 11 lakhs could not be passed over, and they wished to have a further report regarding any remedial or disciplinary action which might be taken in this connection.

22. The Committee then considered the remaining items in the statement showing action taken or proposed to be taken on previous recommendations.

23. *Instructions issued by the Railway Department regarding auction sales.*—In connection with the memorandum which had been circulated on this subject (appendix V) it was explained that the Railway Board had only agreed to the continuance of the existing practice on the Bengal-Nagpur Railway, and that they had not yet reached final conclusions with regard to the Eastern Bengal and East Indian Railways. The Committee wished to be supplied with a further report next year with regard to these Railways.

24. *Comparison of pre-war and post-war working expenses.*—A member of the Committee suggested that the statements supplied with the note on this subject (appendix VI) indicated a disproportionate increase in the cost of superior staff. The Chief Commissioner explained that the number of railway officers of all classes had necessarily increased because of the increase in mileage and the introduction of new activities, such as the workshops at Tatanagar. He also stated that in contrast with most other countries there had been no increase since the war in the salaries of the most highly paid officers. It was agreed that the question whether any reduction in the higher salaries was possible should be further considered at a later stage.

25. *Action taken on the Pope Committee's reports.*—In connection with the report on this subject (appendix IV) a member of the Committee raised the question of the manufacture of locomotives in India. The Chief Commissioner stated that he had intended to circulate a note on the subject to the members of the Standing Finance Committee for Railways but that in view of the recent debate in the Assembly it had been decided that further discussion in a Committee of the Legislature would be inappropriate.

As regards ticketless travel the Chief Commissioner stated that the Railway Board had thought of the possibility of introducing vestibules in all railway carriages and of fencing the railway stations, but the cost of either of these schemes was found to be prohibitive. In the meantime efforts were being made to reduce the possibility of evasion by increasing the ticket collecting staff.

26. *Saloons maintained for the use of Railway Officers.*—According to the figures supplied to the Committee (appendix VII) the average for all State Railways in India is at present about one saloon for every two gazetted railway officers. It was explained that the Railway Board did not automatically sanction renewals of saloons and were trying to reduce the number to the minimum required for efficient working. The Committee considered that on the evidence available the existing number of saloons appeared to be excessive, and they desired that a special enquiry should be undertaken to see whether the number could not be reduced and that a report on the subject should be submitted next year. They also recommended that pending the completion of the enquiry no further expenditure should be incurred on renewals.

27. *Regrouping or amalgamation of Railways.*—In connection with the note which had been circulated on this subject (appendix VIII) it was explained that there was already a large degree of co-ordination between the different Railways in the matter of rolling stock and the running of through services. It was also stated that the Railway Board were considering the possibility of further co-ordination of workshop and repair facilities. The Committee considered that the material supplied in the note was not sufficient to enable a definite decision to be reached on the general question of the advantages of amalgamation. They were, however, in favour of amalgamation in principle, provided that it did not result in actual loss, and they hoped that the question would be more fully investigated before any orders were passed on the recommendations made on the subject in the Wedgwood Committee's report.

28. *Electrification of Madras suburban lines on the South Indian Railway.*—The Committee noted that there were still some points of difference between the Railway Board and the Director of Railway Audit in connection with the calculation of the financial results of this scheme (appendix IX). They hoped that these differences would soon be settled, and that an agreed statement would be presented next year. On the evidence available the Committee considered that the traffic in Madras was probably insufficient to justify the scheme, and that it was doubtful whether it should ever have been undertaken.

29. *Electrification of Railways in Bombay.*—The Committee noted that the position with regard to this item (appendix X) was on the whole satisfactory, and they did not consider it necessary to make any special recommendation on the subject.

30. *Encouragement of third class passenger traffic.*—In connection with the note which had been circulated on this subject (appendix XI) a member of the Committee suggested that the notices which were exhibited at railway stations inviting passengers to make complaints should be printed in Indian languages as well as in English. It was also suggested that efforts might be made to produce more convenient and intelligible railway time tables, and that these should

also be printed in Indian languages. The Chief Commissioner agreed to consider these points. On the whole the Committee were satisfied that the Railway Board were now giving the necessary attention to this question, and they expressed the hope that there would be no relaxation in the efforts which were being made to find new methods of attracting such traffic.

31. *Free passes for Railway Officials.*—The Committee were supplied with information (appendix XII) regarding the number of passes issued in the financial year 1932-33. The Chief Commissioner stated that no census had been conducted since that year, but that certain orders had recently been issued which should result in a reduction in the number of passes. The Committee suggested that it would be useful if a census of this kind could be taken every five years. They recommended that a census should be taken in 1937-38 if possible, or if that were not possible in 1938-39, and that the results should be reported in due course, with the number of the officials concerned in each class.

The Committee adjourned at 1-20 p.m.

Proceedings of the third meeting of the Public Accounts Committee held on Thursday, the 22nd of July 1937, at 2-30 p.m.

PRESENT :

The Hon'ble Mr. J. C. NIXON, C.S.I., C.I.E.,
I.C.S., Finance Member,

Chairman.

Mr. B. DAS,
Professor N. G. RANGA,
Sirdar JOGENDRA SINGH,
Captain Sirdar Sir SHER MOHAMMAD KHAN,
Kt., C.I.E., M.B.E.

Members.

Mr. S. SATYAMURTI,
Maulvi Sir MOHAMMAD YAKUB, Kt.
Bhai PARMA NAND.
Dr. R. D. DALAL, C.I.E.
Khan Bahadur Sir ABDUL HAMID, Kt.,
C.I.E., O.B.E.
Khan Bahadur Shaikh FAZL-I-HAQ PIRACHA.

The Hon'ble Sir GUTHRIE RUSSELL, K.C.I.E.,
Chief Commissioner of Railways.

Mr. B. M. STAIG, C.S.I., I.C.S., Financial
Commissioner, Railways.

Mr. T. S. SANKARA AIYAR, Director of
Finance.

Mr. H. CARTER NORBURY, Controller of
Railway Accounts.

Sir ERNEST BURDON, K.C.I.E., C.S.I., I.C.S.,
Auditor-General.

Witnesses.

Mr. B. N. MITRA, Director of Railway Audit.

Mr. A. J. RAISMAN, C.I.E., I.C.S., Finance
Secretary.

32. *Dismantling of Aden Railway.*—With reference to paragraph 51 of the Review the Chief Commissioner explained the reasons for the debit on account of the dismantling of the Aden Railway. He stated that the first portion of the Railway which was 7 miles long was built in 1916, and a further 21½ miles were added in 1919-20. This extension did not pay, and in 1929 the Railway was closed down and orders were issued that it should be dismantled. The Government of India then suggested that the War Office should accept a debit for half the cost of dismantlement. An agreement had, however, been reached in 1926 by which various claims made by the Government of India against His Majesty's Government and *vice versa* in respect of war liabilities had been cancelled out. It was held that the expenditure in connection with the Aden Railway was covered by this agreement, and that in consequence the claim against the War Office could not be sustained.

Railway Audit Report.

33. *Paragraph 8—Defective reappropriations.*—The Committee considered that reappropriations which *prima facie* seemed to the Director of Railway Audit to indicate defective control should be more fully examined so that the Director might be able to express a definite opinion on the question whether the control was in fact defective or not.

34. *Paragraph 12—Estimating under Suspense Heads.*—It was agreed that the Administration and the Director of Railway Audit should undertake a further examination of the case relating to the Bombay, Baroda and Central India Railway and should use this case as a basis for the consideration of the general question whether it was possible to secure more accurate budgeting under suspense heads. The Committee desired that the results of this enquiry, both into the specific case and into the more general question, should be stated in next year's Audit Report.

35. *Paragraph 15—Excesses over Grants.*—The Committee considered that the Railway Board should bring to the notice of the Administrations concerned the comments made by the Director of Railway Audit with regard to the apparent deterioration of control over expenditure on the Bengal Nagpur and East Indian Railways.

36. *Paragraph 19—Delay in the submission of a second revised estimate.*—In reply to a suggestion that the Railway Board should have taken disciplinary action against the officials concerned in this case, the Chief Commissioner explained that since the case related to a Company-managed Railway the Railway Board could only censure the Administration and could not take action against individual officers. The Committee agreed that the Government of India were justified in expressing serious disapproval of the way in which the case had been handled, and they expressed the hope that the Railway Board would in future be able to exercise sufficient control over cases of this kind to prevent a recurrence of so serious a departure from the normal

procedure in connection with the submission of estimates and the execution of works.

37. *Paragraph 21.—Delay in calling for fresh tenders.*—The Committee wished it to be recorded that although they appreciated the fact that the delay was partly due to the investigation by the Railway Board of the possibility of securing more favourable rates by working the colliery departmentally, they must deprecate the length of time taken to reach a decision and the consequent loss of money. They also deprecated the fact that the original contract made in 1931 had been given out otherwise than by open tender.

38. *Paragraph 24.—Defective agreements.*—The Committee considered that the Railway Board had acted more leniently than was reasonable in dealing with the officer who had been held to have failed in his duty in connection with this case.

39. *Paragraph 27.—Failure to recover rent for buildings.*—The Committee suggested that the Railway Board in conveying their displeasure to the Administration concerned with an irregularity of this kind should also indicate that it seemed desirable to take suitable action against the persons who had been responsible.

Appropriation Accounts.

40. *Page 9.*—In connection with the comment with regard to the first item on this page the Committee considered that the corresponding figures of previous years should be examined in order to see whether there had been systematic underspending.

41. *Page 23.*—The Committee considered that the explanations given in connection with the item relating to the South Indian Railway were inadequate. They recommended that the Accounting Officers and the Audit Officers concerned should try to reach an agreement regarding the reasonable limits of variation for expenditure of this kind, and that thereafter items which exceeded those limits should be fully examined and explained. The object should be to attempt to forestall questions which the Committee would inevitably put.

42. *Page 31.*—In connection with the figures relating to the Eastern Bengal Railway (voted) the Committee considered that, so far as it was possible to judge from the information available, the greater part of the excess over the original allotment appeared to be due to works which either should have been foreseen at the time when the budget was prepared or should not have been undertaken during the course of the year.

This comment appeared to be applicable also to the item relating to the East Indian Railway on the following page.

43. *Page 33.*—The Committee considered that the explanation given in respect of the variation in column 4 under North Western Railway (voted) was inadequate, and that this was another example of the type of case on which they wished to be supplied with fuller information in future.

44. *Page 40.*—In connection with the item relating to the East Indian Railway (voted) the Committee considered that it should be ascertained

whether when a particular Railway frames revised estimates which involve adjustments with other Railways these revised adjustments are normally intimated to the other Railways concerned.

This comment appeared to be applicable also to the item relating to the Madras and Southern Mahratta Railway on page 43.

45. *Page 41.*—The Committee considered that the note on the variation in column 4 of the item relating to the Bengal Nagpur Railway did not sufficiently explain why the savings in question could not have been foreseen at the time when the revised estimates were prepared.

The Committee adjourned at 5-15 p.m.

Proceedings of the fourth meeting of the Public Accounts Committee held on Friday, the 23rd of July 1937, at 11 a.m.

PRESENT :

The Hon'ble Mr. J. C. NIXON, C.S.I., C.I.E.,
I.C.S., Finance Member.

Chairman.

Mr. B. DAS.
Professor N. G. RANGA.
Sirdar JOGENDRA SINGH.
Captain Sardar Sir SHER MOHAMMAD KHAN,
Kt., C.I.E., M.B.E.

Members.

Mr. S. SATYAMURTI.
Maulvi Sir MOHAMMAD YAKUB, Kt.
Bhai PARMA NAND.
Dr. R. D. DALAL, C.I.E.
Khan Bahadur Sir ABDUL HAMID, Kt.,
C.I.E., O.B.E.
Khan Bahadur Shaikh FAZL-I-HAQ PIRACHA.

The Hon'ble Sir GUTHRIE RUSSELL, K.C.I.E.,
Chief Commissioner of Railways.
Mr. B. M. STAIG, C.S.I., I.C.S., Financial
Commissioner, Railways.

Witnesses.

Mr. T. S. SANKARA AIYAR, Director of
Finance.
Mr. H. CARTER NORBURY, Controller of
Railway Accounts.

Sir ERNEST BURDON, K.C.I.E., C.S.I., I.C.S.
Auditor-General.

Mr. B. N. MITRA, Director of Railway Audit.

46. The Committee continued their examination of the Appropriation Accounts of Railways in India.

47. *Page 49.*—In connection with the notes on this page regarding over-payments to staff, a member of the Committee asked for an explanation of

the principles governing the waiving of recoveries in such cases. The Auditor-General stated that in the case of underpayments there was a time limit of three years, and after the expiry of that period the person concerned could not enforce his claim against Government. This time limit did not apply to claims made by Government in respect of overpayments but the practice was to treat Government servants with reasonable equity in such matters. The question of recovery depended on a variety of circumstances such as the amount involved, the *bona fides* or *male fides* of the officer drawing the excess, and the degree of responsibility attributable to Government.

48. *Page 57.*—A member of the Committee drew attention to the fact that Rs. 48,000 of the saving in the provision for the Bombay, Baroda and Central India Railway was stated to be due to "non-filling up of vacancies". In order to test the validity of similar explanations given throughout the report the Committee desired that this item should be investigated, and that it should be reported next year whether the savings in question could not have been anticipated at the time when the budget was prepared.

49. *Page 60.*—The Committee desired that it should be considered whether the present method of budgeting for contributions to the depreciation fund on account of capital at charge could not be modified in order to ensure that there should be no changes in such provision during the course of the year. They also suggested that it would be advantageous if a similar change could be introduced in connection with budget provision for interest. The Auditor-General agreed to investigate this point in consultation with the Railway Board.

50. *Page 66.*—The Chief Commissioner explained that the additional expenditure on the construction of the Megna Bridge was in fact satisfactory, since it meant that the engineers had been able to make better progress with the work than had been anticipated. The Committee agreed that no action was necessary at present in connection with this item, but they wished to reconsider the question whether there had in fact been under provision for the work in the light of the figures which would be available next year.

51. *Page 67.*—In connection with the comment at the bottom of this page the Committee noted that it was not clear why the construction of the Karaikudi-Melur-Madura Railway had been postponed, and it was also not clear why the postponement had not been foreseen. The Committee wished it to be recorded that this was another example of the inadequacy of the explanations from their point of view.

52. *Grants 11 and 12.*—The Committee considered that in connection with Grants 11 and 12, which relate to capital expenditure on "new construction" and "open line works" respectively, the Railway Board should indicate in their Review the total amounts of the increases and decreases, as compared with the budget provision, in the Grants as a whole.

The Committee also wished it to be considered whether the figures given under "Capital" and "Depreciation Reserve Fund" in connection with various items in these Grants could not be amalgamated, since the explanations dealt with the two heads together.

53. *The position of the Financial Commissioner, Railways.*—At this stage a member of the Committee raised the question of the position of the Financial Commissioner, Railways, *vis-à-vis* the Finance Department. It was suggested that it might be preferable from the point of view of financial control if he were not a member of the Railway Board. The Financial Commissioner stated, however, that there were considerable advantages in his being a member of the Board, and the Auditor-General agreed that the existing arrangement had been found to be the most satisfactory. The Chairman explained that in practice the relation between the Finance Member and the Financial Commissioner was identical with the relation between him and the Financial Adviser, Military Finance.

54. *Grant No. 12.*—The large variations from the budget estimates for various items in this Grant gave rise to a general discussion regarding the control of the Railway Board over estimates for capital expenditure. It was explained that this was one of the main questions which the Chief Commissioner and the Financial Commissioner would discuss with the Agents of the various Railways during their ensuing tour. The Committee expressed the hope that the Railway Board in their contacts with the Agents would draw their attention to the items in the Accounts for 1935-36 where departures from the budget programme appeared to be inexcusable, and that the Railway Board would in future try to assure themselves that money provided in the budget for capital works was in fact likely to be spent during the year. The Financial Commissioner admitted in this connection that in the case of some Railways there appeared to be a tendency to inflate the budget in order to have savings available for unforeseen works. It was agreed that the Agents should be required to budget more accurately.

55. *Page 88.*—A member of the Committee drew attention to the fact that according to Note 2 on this page no verification of stock was done in the case of State Railway collieries during the year under review. The Committee hoped that if there were no arrangements for the verification of this stock such arrangements would now be made.

56. *Appendix A (i).*—The Committee noted that there had been considerable delay in the settlement of some of the items included in this appendix. They recommended that the Railway Board should make efforts to clear these items as soon as possible and to prevent any similar accumulation in future.

Capital statements, balance sheets, and profit and loss accounts of Railways, etc.

57. The Committee briefly considered some of the capital statements included in this compilation. They presumed that when the Railway Board scrutinise expenditure proposals submitted by the various Railways they take into account the financial position of the Railway concerned, and deal more critically with proposals submitted by the less profitable Railways.

58. *Tatanagar Workshops.*—In connection with the accounts of the Tatanagar workshops the Chief Commissioner stated that these workshops were not working to full capacity in the year under report, but that they had done so in the past and would do so in the current year. It was also explained that the increase in output was not due to the introduction of new types of work

but to an increased demand for particular kinds of underframes which the workshops were at present equipped to produce. Some members of the Committee wished to recommend that the workshops should be adapted to enable them to undertake other types of work which are at present given to private firms. Other members considered that it would not be justifiable to withdraw all orders from the private firms, since Government had to some extent encouraged the growth of the private wagon industry. It was agreed, however, that the Tatanagar workshops should if possible be given as much work as their present capacity and equipment permit them to undertake.

Balance sheets of railway collieries, etc.

59. In connection with this compilation the Chief Commissioner stated that the railway collieries were now working to full capacity since it had been decided that the railways should this year take as much coal from these collieries as they could produce.

The Committee adjourned at 1-15 p.m.

Proceedings of the fifth meeting of the Public Accounts Committee held on Friday, the 23rd of July 1937, at 2-30 p.m.

PRESENT :

The Hon'ble Mr. J. C. NIXON, C.S.I., C.I.E., I.C.S.,
Finance Member.

Chairman.

Mr. B. DAS.
Professor N. G. RANGA.
Sardar JOGENDRA SINGH.
Captain Sardar Sir Sher MOHAMMAD KHAN, Kt., C.I.E.,
M.B.E.
Mr. S. SATYAMURTI.
Maulvi Sir MOHAMMAD YAKUB, Kt.
Bhai PARMA NAND.
Dr. R. D. DALAL, C.I.E.
Khan Bahadur Sir ABDUL HAMID, Kt., C.I.E., O.B.E.
Khan Bahadur Shaikh FAZL-I-HAQ PIRACHA.

Members.

The Hon'ble Sir GUTHRIE RUSSELL, K.C.I.E., Chief
Commissioner of Railways.
Mr. B. M. STAIG, C.S.I., I.C.S., Financial Commissioner,
Railways.
Mr. T. S. SANKARA AIYAR, Director of Finance.
Mr. H. CARTER NORBURY, Controller of Railway
Accounts.

Witnesses.

Sir ERNEST BURDON, K.C.I.E., C.S.I., I.C.S., Auditor-
General.

Mr. B. N. MITRA, Director of Railway Audit.

Mr. A. J. RAISMAN, C.I.E., I.C.S., Finance Secretary.

60. *Scope of the Review of the Appropriation Accounts.*—Mr. Satyamurti drew attention to the fact that a number of items which had appeared in previous years had been omitted from this year's Review. The Chairman stated that the items in question had been omitted either because they were peculiar to the years in which they appeared or because they had been considered irrelevant to the functions of the Committee. The Auditor-General further explained that the exclusion of the irrelevant items from the Review was in accordance with the changes which he proposed to make in the Appropriation Accounts under the new Government of India Act. These Accounts would in future be confined to their proper subject, on the analogy of the accounts presented to the House of Commons. There would also however, be a new compilation which would be known as the "Finance Accounts". This compilation would contain a summary of all the receipts and disbursements of the year followed by a considerable amount of detail in regard to revenue, capital, debt, deposit and remittance transactions and would include comments of the Audit Department on the financial position. The two publications would thus give the Legislature a more comprehensive statements of the public accounts than had previously been provided. Some members of the Committee, however, still considered it desirable that the Review should contain a few paragraphs giving general comments on the financial position of the Railways.

61. At this stage the Auditor-General and the Director of Railway Audit left the meeting. The Committee expressed their appreciation of the assistance which they had received from these officers during their consideration of the Railway Accounts.

62. *General financial position of Railways.*—At the request of the Committee the Chief Commissioner then made a statement regarding the financial position of the Railways. He pointed out that the figures for 1936-37 in fact represented an improvement of Rs. 5½ crores over those of the previous year (appendix XIII), and that the immediate aim recorded in the proceedings of last year's Public Accounts Committee had therefore been achieved. He further stated that up to the 10th of July the receipts for the current financial year showed an improvement of about two crores over the corresponding figures for last year, and working expenses for April and May were actually one lakh less than the figures of the corresponding months of 1936-37. It was probable, however, that there would be some increase in expenditure later in the year owing to increased traffic and the rise in prices.

63. *Road-rail competition.*—The Committee then discussed the road-rail question. The Chief Commissioner stated that the running of motor transport by the Railways without a monopoly would not under existing conditions be a business proposition, and that it would be impossible to obtain a monopoly without the consent of the Provincial Governments. He further pointed

out that the system adopted by some Railways in the United Kingdom of subsidising private motor companies would not be practicable in India since there were at present practically no motor companies which were reliable enough to provide a suitable investment for the Railways. Some members of the Committee considered that motor transport could only be efficiently run by the State, and that the question of securing a monopoly should be further considered even if it meant compensating the Provinces. Other members, however, stated that they would be satisfied if motor vehicles could be made to observe reasonable standards of comfort and safety. The Chief Commissioner agreed that if such standards could be enforced the Railway should be able to hold their own against road competition.

64. *Economies.*—Some members of the Committee wished the question of a cut in the salaries of railway officials to be further considered. In this connection the Chief Commissioner pointed out that it would not be possible to enforce the cut in the case of officers appointed by the Secretary of State except through an act of the British Parliament, and if such officers were immune it would not be fair to impose a cut in other cases. As regards minor economies the Chief Commissioner stated that he hoped to achieve an early saving of about half a crore from the measures which were in contemplation, and this saving might rise to a crore after a few years.

65. *Coupon tickets.*—Professor Ranga suggested that the Railways might attract more traffic if they were to issue coupon tickets to members of the general public on the analogy of those which are at present issued to commercial travellers. The Chief Commissioner was doubtful whether it would be possible to prevent serious abuses of this privilege even if a photograph of the owner were pasted on the ticket. He agreed, however, to consider the suggestion.

66. *Wedgwood Committee's report.*—The Committee then discussed several points arising out of the Wedgwood Committee's report, but it was agreed that no record should be kept of this part of the proceedings. After the general discussion the witnesses left the meeting. Mr. Satyamurti then moved the following resolution :—

“The Public Accounts Committee recommends to the Government that no action should be taken by them, by way of implementing the recommendations of the Wedgwood Committee, until this Committee and the Standing Finance Committee on Railways have examined and pronounced their opinion on them, and until the Legislative Assembly has considered the Report and the opinion of these two Committees, and made its recommendations thereon.”

It was agreed that this question should be further considered at an additional meeting to be held on the 7th of August.

The Committee adjourned at 5 p.m.

Proceedings of an additional meeting of the Public Accounts Committee held on Saturday, the 7th of August 1937, at 2-30 p.m.

PRESENT :

The Hon'ble Mr. J. C. NIXON, C.S.I., C.I.E., I.C.S., *Chairman.*
Finance Member.

Mr. B. DAS.

Professor N. G. RANGA.

Sirdar JOGENDRA SINGH.

Captain Sardar Sir SHER MOHAMMAD KHAN, Kt., C.I.E.,
M.B.E.

Mr. S. SATYAMURTI.

Maulvi Sir MOHAMMAD YAKUB, Kt.

Bhai PARMA NAND.

Dr. R. D. DALAL, C.I.E.

Khan Bahadur Sir ABDUL HAMID, Kt., C.I.E., O.B.E.

Khan Bahadur Shaikh FAZL-I-HAQ PIRACHA.

} *Members.*

67. *Wedgwood Committee's Report.*—In place of the resolution moved at the fifth meeting Mr. Satyamurti proposed the adoption of a draft minute containing series of recommendations relating to the proposals made by the Wedgwood Committee. After some discussion a majority of the members of the Committee expressed their agreement with these recommendations, subject to certain amendments, and the Committee decided that the minute as amended should be printed as an annexure to their report.

68. The non-official members of the Committee wished to place on record their appreciation of the courtesy and spirit of accommodation shown by the Hon'ble Mr. J. C. Nixon as Chairman throughout the meetings.

The Committee adjourned at 4-15 p. m.

Minute approved by a majority of the Committee.

(*Vide* paragraph 14 of the Report and paragraph 67 of the Proceedings).

1. We recommend to the Government that they should take no action on any proposals in the Wedgwood Committee's report involving questions of policy or on proposals involving further expenditure or on proposals recommending the creation of fresh posts or the appointment of Europeans thereto, before the Indian Legislature has had an opportunity of considering the whole report and pronouncing its opinion on the recommendations therein.

2. We are of opinion that several of the recommendations of the Wedgwood Committee are wholly outside the terms of reference thereto, which were :—

“to examine the position of Indian state-owned railways and to suggest such measures as may, otherwise than at the expense of the general budget,

(2) secure an improvement in net earnings due regard being paid to the question of establishing such effective co-ordination between road and rail transport as will safeguard public investment in railways while providing adequate services by both means of transport; and

(ii) at a reasonably early date place railway finances on a sound and remunerative basis";

and besides are even against the provisions of the Government of India Act, 1935, and we therefore recommend to the Government that they should not consider those recommendations which are outside the terms of reference to the Committee, as the Committee was not qualified to enter into those questions, and did not have all relevant matters before it.

3. We particularly recommend to the Government that they should not accept or take any action on the following specific recommendations of the Railway Enquiry Committee:—

- (1) (a) that experienced European Supervisors are still required for the railway workshops, and that the salaries offered and the prospect of continuous employment must be such as to induce the best men to offer themselves (paragraph 50);
- (b) that for the present it is desirable that the Principal of the Jamalpur School should continue to be a European of experience (page 38); and
- (c) that the direct recruitment of properly qualified young men of European domicile (for the gazetted posts in the Mechanical Engineering Department) should be continued to fill 25 per cent. of the appointments (page 38).

We dissent and while approving of the principle of securing the maximum efficiency in the working of this Department, strongly deprecate the introduction of racialism.

(2) The Railway Enquiry Committee (paragraph 70) do not recommend any alteration in the London Office of the Central Publicity Bureau.

We suggest to the Government that they should examine the need for the continuance of the office, and the possibility and the desirability of transferring its functions to the High Commissioner's office, with a view to economy.

(3) The Railway Enquiry Committee (paragraph 78) recommend that the appointment of Traffic Member of the Railway Board be made permanent.

We consider that no strong case for this appointment has been made out, and request the Government not to agree to it, without further consideration.

(4) The Railway Enquiry Committee (paragraph 79) say that they consider "the new scales of pay may prove insufficient to attract the right type of recruit in certain grades. If this should prove to be the case, the scales should be revised."

We consider that this recommendation is wholly outside the terms of reference to the Railway Enquiry Committee, and that this will weaken the financial situation of the railways further.

(5) The Railway Enquiry Committee (paragraph 80) recommend that the Accounts Officers of the State-managed Railways should be held responsible to the Agents.

We do not agree and prefer the present agreed arrangement to continue until the Federal Railway Authority reviews the position.

(6) The Railway Enquiry Committee (paragraph 81) recommend that each Agent should have a Deputy with expert staff to deal with establishment matters.

We consider this would be unnecessary expenditure.

(7) The Railway Enquiry Committee (paragraph 83) recommend that, until the Federal Railway Authority is set up the function of higher audit should be confined to matters of major importance.

We do not agree and prefer the existing agreed arrangement to continue until the Federal Railway Authority reviews the position.

(8) The Railway Enquiry Committee (paragraph 99) recommend that the Statistical Officer should be re-instated in the Railway Board's office and that the statistical organization of some railways should be strengthened.

We see no immediate need for this.

(9) The Railway Enquiry Committee (paragraphs 115 and 116) recommend the appointment on each administration of a Commercial Manager of a status equal to that of other heads of departments, having under him a Rates and Fares Branch, a Traffic Department Branch, and a Research Branch. The Railway Enquiry Committee say incidentally (page 70) that it may be admitted that there is also a shortage of men (in India) trained in the tradition of a live and energetic commercial department. In these circumstances, such men must perhaps be imported and active steps taken to train others to work under their guidance and ultimately to fill their places.

We are of opinion that, while there is need for the development of the commercial departments of the railways, there is no need to create new additional posts for the purpose and there is much less need for importing any people from outside India for this purpose.

(10) The Railway Enquiry Committee [paragraph 116 (g)] say that they are convinced that special steps must be taken to select and train commercial staff; the desirability of appointing senior men at the outset from Great Britain should be considered.

We totally dissent from the latter part of this recommendation.

(11) The Railway Enquiry Committee (paragraphs 122 and 123) say that individual rates should continue to be readily adjustable to meet varying conditions, but they cannot recommend any general reduction in charges.

Until this question is far more carefully studied and its effects on railway receipts properly assessed, we recommend to the Government that they should not accept the proposition that there can be no general reduction in charges.

(12) The Railway Enquiry Committee (paragraphs 136-138) say that, until road and rail transport are both regulated as public services, co-ordination of transport is unattainable.

We recommend to Government that the whole question of transport—rail, road, inland waterways and coastal—should be considered together and co-ordinated on an all-India basis, as we are of opinion that any piecemeal action in the matter may make things worse.

(13) The Railway Enquiry Committee (paragraph 176) deprecate any wholesale reduction of fares to meet road competition.

We request the Government not to accept this recommendation without a further and more careful study of the effects of reduction of fares on traffic and revenue.

(14) The Railway Enquiry Committee (paragraph 189) consider that a general reduction of rates to meet road competition would involve the railways in a heavy loss of revenue.

We recommend to the Government to pursue this matter further by means of a proper and careful study of the data and of the experience available, and not to come to any decision merely on the basis of this recommendation.

(15) The Railway Enquiry Committee (paragraph 192) recommend that "the Railway Board should appoint a Press Liaison Officer with adequate staff to constitute a Railway Information Office. Both journalistic talent and a knowledge of Indian vernaculars will be required. As a first approach we recommend that a young and enterprising journalist from Great Britain be invited to take over the task of organizing the Railway Information Office for the Railway Board." They admit that the establishment of this organization will cost money, but, add "it is in our opinion the foundation for any attempt to work up a good press, and a good press is an essential feature of our proposals at this juncture".

We deprecate any further expenditure on this account. In any case we strongly dissent from the recommendation that a Britisher should be imported for this purpose from Great Britain.

(16) The Railway Enquiry Committee (paragraph 197) state that they consider that the amalgamation of Railways, if carried out too far, will result in unwieldy administration.

We are of opinion that the railway systems in India can easily be reduced to six or four, and recommend that this should be done as early as possible, provided it involves no financial deterioration.

(17) The Railway Enquiry Committee (paragraphs 198-200) recommend that any further exercise by Government of their option to take over company-managed railways should be deferred until the end of 1945, to give the Federal Railway Authority an opportunity of consolidating its position.

We are strongly of opinion that this recommendation is wholly outside the terms of reference to the Committee, is against the declared policy of the Indian Legislature, and should not be considered or accepted by the Government.

(18) The Railway Enquiry Committee (paragraph 201) consider that no amalgamation of railways is desirable at the present time.

We suggest that the earliest opportunity should be taken to amalgamate railways, provided this involves no financial deterioration.

(19) The Railway Enquiry Committee (paragraphs 202-204) consider that the policy of short options is unsound, and recommend that the Government should extend the contracts to dates as far ahead as practicable.

We look upon this recommendation with great disfavour, and consider that it is intended more to help the railway companies than the taxpayer or the country. We therefore, recommend to the Government to reject this recommendation altogether.

(20) The Railway Enquiry Committee (paragraph 206) urge the need for an adequate depreciation fund and consider that a normal balance of 30 crores would not be excessive.

Without pronouncing any final opinion on this matter, we would recommend to the Government to consider this question with the help of real financial and railway experts in the country, and fix the depreciation fund on proper basis, which we consider should be a renewals and replacement fund. We refer the Government to the Public Accounts Committee's recommendation in this matter last year, which was accepted by the Government.

(21) The Railway Enquiry Committee (paragraphs 210-211) urge the importance of building up a general reserve fund to serve as an equalisation fund for the payment of interest charges in bad years, and from which monies can be appropriated for the amortisation of capital.

We do not want the Government to reject this recommendation off-hand. We are in favour of a general reserve fund to serve as an equalisation fund for the payment of interest charges in bad years, after meeting the obligations mentioned in paragraph (23) below. We are not, however, in favour of monies being drawn from this fund for the amortisation of capital. The reserve fund should be confined merely for the purposes of the equalisation fund, mentioned above.

(22) The Railway Enquiry Committee (paragraph 212) say: "Looking to the future, we do not think that railways, after providing for depreciation, are likely over a period of years to earn more net revenue than will serve to meet their interest charges."

We recommend to the Government to reject this recommendation.

(23) The Railway Enquiry Committee (paragraph 213) also consider that the railways should no longer be looked to as a possible source of revenues for the relief of general taxation, but that every endeavour should be directed towards enabling the railways to maintain full solvency.

We are genuinely alarmed at these recommendations. We derive consolation from the fact that the Railway Enquiry Committee were not appointed and were not competent to pronounce any opinion on this question.

We would like to invite the attention of the Government to paragraphs 20-31 of the Niemeyer report, particularly to the following sentences :—

"I recommend therefore, that the initial prescribed period under section 138(2)(a) being five years, the prescribed sum which during that period the Centre may in any year retain out of the assigned 50 per cent. shall be the whole, or such sum as is necessary to bring the proceeds of the 50 per cent. share accruing to the Centre (of the income-tax) together with any general budget receipts from the railways up to 13 crores..... The position of the railways is frankly disquieting. It is not enough to contemplate that in five years' time the railways may merely cease to be in deficit. Such a result would also tend to prejudice or delay the relief which the provinces are entitled to expect. I believe that both the early establishment of effective co-ordination between the various modes of transport and the thorough going overhaul of railway expenditure in itself are vital elements in the whole provincial problem."

(24) The Railway Enquiry Committee (paragraph 215) state that, in view of the importance of the interests at stake, political interference in the affairs of the Federal Railway Authority must be avoided, and the utmost care should be exercised in the selection of its President and Members.

This is again clearly outside their terms of reference. Moreover, the Railway Enquiry Committee do not evidently know that this matter had been dealt with in section 182 of the Government of India Act, 1935, and the eighth schedule thereto. The qualifications are prescribed there, and there was no need for the Railway Enquiry Committee to go further into the matter.

We cannot pass over without notice, the following sentences in the Railway Enquiry Committee's report on this matter :—

"In our view the President of the Railway authority should be a businessman of high standing and of wide experience. It is, we consider, immaterial that he should have any specialised railway experience or intimate knowledge of the peculiar conditions of India. It is more important that he should bring the whole energy of a fresh and vigorous mind to bear upon the problems which will confront the Federal Railway Authority."

We consider this a special pleading for non-Indians and, request the Government to reject this recommendation.

(25) The Railway Enquiry Committee (paragraph 216) state that, "while political interference is the high road to bankruptcy, administrative interference leads to stagnation, and is almost equally to be deplored." They add : "The history of the State management of railways during the past ten years may supply a warning as to the necessity of giving the new authority a free hand to manage its own affairs."

We would like to draw the attention of the Government to paragraph 22 of the report of the Railway Enquiry Committee where they say :

"Our general survey of the Indian State-owned railways from 1924 to 1936 shows that their financial results are better than those of other comparable railway systems, whilst their operating statistics indicate that there has been a substantial advance in efficiency and economy of management since the depression began in 1930."

Having stated this, the Railway Enquiry Committee (paragraphs 216-217) say, "as we do not expect any surplus to be available for general revenues, the Government should in future confine its interest in railways to that of a debenture holder".

We consider that this recommendation upsets all previous policy of the Government and of the Legislature in respect of railways, and therefore request the Government to reject this recommendation.

(26) The Railway Enquiry Committee (paragraph 218) conclude that the Federal Railway Authority should aim at establishing themselves in a position which will enable them to raise capital in the open market.

This is against the provisions of the Government of India Act, 1935, and also against such control as may still be exercised by the Legislature over the Federal Railway Authority under the Government of India Act, 1935. This recommendation, if accepted, will introduce an unhealthy element of competition in the loan market, as against Provincial Governments, Public Corporations and Local Bodies.

Section 186(4) of the Government of India Act, 1935, provides :—

"The Federation may provide any moneys whether on revenue account or capital account, for the purposes of the Railway Authority, but where any moneys are so provided, the provision thereof shall be deemed to be expenditure and shall accordingly be shown as such in the estimates of expenditure laid before the Chambers of the Legislature."

This provision, along with the provision in sub-section (2) of section 193 of the Act, gives some power to the Legislature to control the railway policy and expenditure in this country. If the Railway Enquiry Committee's report be accepted by the Government and the Federal Railway Authority be allowed to raise loans in the open market, that Authority will become a complete '*imperium in imperio*' wholly irresponsible to the Legislature or even to the Government. We therefore recommend that this recommendation also should be rejected.

(27) The Railway Enquiry Committee (paragraph 220) recommend that the Railway Authority should delegate wide powers to the Railway Board.

We do not agree. At any rate, we would leave this to the Federal Railway Authority to consider and decide.

[23RD AUG. 1937.]

(28) The Railway Enquiry Committee (paragraph 221) recommend that the head office of the Authority and of the Railway Board should be at Calcutta.

We totally dissent and recommend that the head office of the Authority and of the Railway Board should be at the same place as the headquarters of the Government of India.

(29) The Railway Enquiry Committee (paragraph 222) recommend that the title of the Agent should be replaced by that of the General Manager.

We do not object, provided that the change of title will not mean increase in their emoluments and therefore in expenditure, nor mean any more powers being given to them, inconsistent with the efficient and economic management of Railways.

(30) The Railway Enquiry Committee say (paragraph 198):—

"We should feel bound to urge a radical reconsideration of the whole question of State management and a fresh examination of the possibility of creating privately managed companies, with Boards of Management domiciled in India."

We dissent, and consider this recommendation beyond their terms of reference, and request the Government not to accept it.

REPORT OF THE PUBLIC ACCOUNTS COMMITTEE.

IN THAT

APPENDICES.

APPENDIX I.

Statement showing action taken or proposed to be taken on recommendations, etc., previously made by the Public Accounts Committee

PART II.—Railways.

Statement showing action taken or proposed to be taken on recommendations, etc.,

PART II.—

Serial No.	Year of Report.	Paragraph of Report or Proceedings.	Recommendations or suggestions.
1	1934-35	7 R. ... 3 P.	That lump cuts made in estimates by the Railway Board should be allocated as far as possible to heads where they were practicable and within the control of Railways with a view to avoid undesirable variations.
2	1934-35	9 R. ... 2 P.	That with a view to making the Railways solvent on a strict accounting basis the services of an expert in Railway management should be obtained and that the Report of the inquiry should be published and opportunity given for discussion in the Legislature.
3	1934-35	10 R. ... 5 P.	That the Financial Commissioner, Railways, should arrange to give in his Review an explanation of the total excesses after excluding the unanticipated credits.
4	1934-35	10 R. ...	That the Railway Board should issue instructions that the submission of the completion reports should not be unnecessarily delayed.
5	1933-34	14 R. ...	That the Railway Board should immediately take up the revision of the Railway Codes and complete it before the new statutory Railway Authority comes into existence.
6	1934-35	10 R. ... 13 P.	That the Railway Board should be relieved of its obligation not to sell slack coal.
7	1933-34 1934-35	13 R. ... 8 P.	That a report on the working of the instructions issued by the Railway Department regarding auction sales on the different railways should be submitted to the Committee annually.
8	1934-35	9 P. ...	That a statement be submitted to the Committee showing a comparison between the pre-war and post-war expenses of Railways divided into certain main heads.
9	1934-35	12 P. ...	That a statement showing the progress made with reference to the various recommendations made by the Pope Committee be added in the Financial Commissioner's annual Review.
10	1934-35	12 P. ...	That a statement showing the number of saloons maintained, their capital cost, depreciation and maintenance, the classes of officers entitled to their use, distinguishing saloons maintained by Railways for their own purposes from the rest, should be submitted to the Committee next year.
11	1934-35	14 P. ...	That an up to date review of the possibilities of economy by regrouping of railways or amalgamation of the different railways be given to the Committee next year.
12	1934-35	17 P. ...	That, in future, an additional column showing the final appropriations for each Railway should be shown in the Financial Commissioner's Review.

REPORT OF THE PUBLIC ACCOUNTS COMMITTEE.

previously made by the Public Accounts Committee.

RAILWAYS.

Action taken or proposed to be taken.
This has been done in dealing with the estimates for 1937-38.
The expert Committee has since made its investigations and submitted its report.
This has been done in the Review on the Accounts of 1935-36.
The necessary instructions have been issued and copies have been sent to the members of the Committee (appendix III).
An officer has been placed on special duty since 22nd July 1936 and it is hoped that the revision of the codes will be completed by about the end of 1937.
The obligation has since been removed.
The necessary report will be furnished to the Committee after the close of every year.
A statement has been supplied to the Committee (appendix VI).
It has been decided that such information should not find a place in the Review, but should be given to the Committee as a separate memorandum. The memorandum has been supplied to the Committee (appendix IV).
A statement has been supplied to the Committee (appendix VII).
A note on this subject has been supplied to the Committee (appendix VIII).
This has been done.

APPENDIX II.

LETTER FROM THE AUDITOR GENERAL, TO THE FINANCE DEPARTMENT, GOVERNMENT OF INDIA, No. T.-468-REP./22-37, DATED THE 24TH JUNE 1937.

SUBJECT:—*Appropriation Accounts (Railways), 1935-36, and the Audit Report, 1937.*

With reference to paragraph 13(1)(i) and (iii) of the Government of India (Audit and Accounts) Order, 1936, and paragraph 13(2) of the Government of India (Commencement and Transitory Provisions) Order, 1936, and paragraph 13 of the Government of India, Finance Department letter No. D./29-Ref./37, dated the 8th January 1937, I have the honour to transmit herewith two copies of the Appropriation Accounts of Railways in India for the year 1935-36, Parts I and II, issued by the Chief Commissioner of Railways, together with two copies of the Audit Report, prepared by the Director of Railway Audit, for necessary action by the Governor General in Council.

2. I have the honour also to transmit herewith two copies each of the Capital Statement, Balance Sheets, and Profit and Loss Accounts of Railways in India, and of the Balance Sheets of Railway Collieries and Statements of all in costs of coal for 1935-36.

3. The Appropriation Accounts and the Audit Report have, as usual, been subjected to a detailed examination in my office and I have satisfied myself that they are generally in order.

4. *Capital at charge of Railways.*—During the year 1935-36 there has been a reduction in the Railway capital at charge due to the application of the current statutory rate of exchange in converting the sterling liabilities, *vide* paragraphs 47 *et seq.* of the Chief Commissioner's review. It is not however correct to say, as has been stated in paragraph 48 of the Review, that the rate of exchange which prevailed when the liabilities were undertaken is irrelevant: for the rupee equivalent given by the application of that rate of exchange represents the actual amount expended on the assets in possession of Railways. But as these sterling liabilities would now have to be met by payments at the current statutory rate of exchange and as for various reasons there is admittedly an element of overcapitalisation in the Railway Capital Account, I have agreed to the basis of conversion being altered and to the consequent reduction amounting to Rs. 8.31 crores in the capital at charge, which is specially brought to notice. The recorded capital at charge of Railways was further reduced by a sum of Rs. 54 lakhs, representing the difference between the rupee equivalent at the current rate of exchange and the rupee equivalent previously included in the Railway accounts of the £3½ millions debenture stock of the East Indian Railway discharged during the year 1935-36.

5. *Allocation of expenditure on Rolling Stock.*—I have drawn attention in the last three successive years to the unsettled question of the allocation of expenditure on rolling stock on company-managed Railways which is again mentioned in paragraph 16 of the Railway Audit Report. The continued delay in determining the 'Rolling Stock Convention' results in great inconvenience as, in the absence of an agreed basis of allocation, audit of accounts cannot be completed and financial results cannot be finally certified.

6. *Certification of the accounts of company-managed Railways.*—In view of the considerable amount of expenditure on stock and on works which could not be allocated finally between capital and revenue in the accounts of a particular company-managed Railway because of the absence of an agreed basis of allocation I contemplated qualifying the audit certificate on the accounts of that railway. Such qualification was deprecated by the administrative authorities mainly because of the disquieting effect it might have on the shareholders of the company. In the end I accepted the argument that as the contract provided for the correction, in the accounts of a later year, of figures previously certified on a basis subsequently found to be erroneous, I would be justified in giving a certificate qualified only by reference to the articles of the contract which provide for subsequent correction. It was agreed, on the other hand, necessarily, that an auditor could not be expected to give a certificate which is clear in terms when the facts actually require some form of qualification.

APPENDIX III.

LETTER FROM THE GOVERNMENT OF INDIA, RAILWAY DEPARTMENT (RAILWAY BOARD), TO THE AGENTS, ASSAM-BENGAL RAILWAY; BENGAL-NAGPUR RAILWAY; BOMBAY, BARODA AND CENTRAL INDIA RAILWAY; BENGAL AND NORTH WESTERN RAILWAY; EASTERN-BENGAL RAILWAY; EAST INDIAN RAILWAY; GREAT INDIAN PENINSULA RAILWAY; NORTH WESTERN RAILWAY; MADRAS AND SOUTHERN MAHRATTA RAILWAY; ROHILKUND AND KUMAON RAILWAY; SOUTH INDIAN RAILWAY, AND H. E. H. THE NIZAM'S STATE RAILWAY; AND THE MANAGER, JODHPUR RAILWAY, No. 144-W., DATED THE 10TH APRIL 1937.

SUBJECT:—*Completion Reports.*

In continuation of this office circular letter No. 1444-W., dated the 10th February 1936, on the subject noted above, I am directed to say that the attention of the Public Accounts Committee was drawn to a number of instances of works expenditure held under audit objection for want of sanction pending the submission of completion reports. They view with grave concern the dilatoriness in preparing the completion reports and have requested Government to remedy the present unsatisfactory state of affairs in this regard.

2. On an examination of the question, the Railway Board understand that the main cause of delay in the preparation of completion reports is with respect to the adjustment of credits for released materials as the present practice is to wait for their actual disposal before closing the accounts of the works. To avoid delay, the Railway Board desire that the works concerned should be afforded credit on the value of released materials on the basis of estimates by the Stores Department, in consultation with the Engineer Officers.

3. In this connection, I am also to invite your attention to paragraph 305 of the State Railway Code for the Engineering Department, and to suggest that the procedure outlined in that paragraph should be adopted when there is a dispute between the contractor and the railway. That is, if the

contractor's claim is not finally settled within a reasonable time, whatever the railway considers as legitimately due to the contractor should be adjusted by debit to the work and credit to 'Deposits' and the account of the work finally closed. When the contractor is subsequently paid finally and the amount paid to him differs from that in credit in Deposits, necessary adjustments should be made by opening the accounts of the work and preparing a revised completion report. The Railway Board trust that the adoption of this procedure will result in completion reports being submitted much earlier than is the case at present.

APPENDIX IV.

Action taken on the Pope Committee's Report.

To ascertain whether further economies were possible on Indian Railways, the services of Mr. Pope of the London, Midland and Scottish Railway were first obtained during the winter of 1932-33. In accordance with his recommendations, Job Analysis was undertaken by Railways. The analysis covered a wide variety of Railway operation, including such diverse matters as administrative organisation, intensive use of locomotives, reduction in charges, saving in shed maintenance, painting of structures, improved routing of traffic, better utilization of scrap and methods for increasing earnings and many others. The following table shows the economies effected on each of the more important Railways and the expenditure on the organisation engaged on the analysis for the three years ending 1935-36 :-

Railways.	1933-34.		1934-35.		1935-36.		Totals.	
	Cost of Job analysis organisation.	Savings effected.	Cost of Job analysis organisation.	Savings effected.	Cost of Job analysis organisation.	Savings effected.	Cost.	Savings.
East Indian	Rs. 77,691	Rs. 7,01,128	Rs. 92,884	Rs. 18,14,544	Rs. 1,13,541	Rs. 5,82,459	Rs. 2,84,116	Rs. 30,98,131
Great Indian Peninsula	56,680	4,15,000	64,000	2,04,246	53,574	2,04,869	1,74,254	8,24,105
North Western	32,000	12,86,749	46,006	12,37,376	56,729	7,22,802	1,34,735	32,26,327
Eastern Bengal	63,000	2,14,864	65,995	1,29,508	26,134	41,600	1,55,129	3,85,972
Bombay, Baroda and Central India	58,789	3,52,862	35,300	11,41,596	3,643	2,25,682	97,732	17,20,140
Madras and Southern Mahratta	8,750	45,220	17,632	1,14,000	4,920	2,56,000	31,302	4,15,220
South Indian	19,580	27,400	2,180	25,000	221	8,463	21,981	60,863
Burma	7,500	25,871	26,615	73,352	1,490	77,591	34,115	1,76,814
Assam Bengal	12,825	1,31,755	8,208	12,659	17,575	13,68,463	22,523	1,44,414
Bengal Nagpur	..	..	..	..	..	..	17,575	13,68,463
Totals	3,36,815	31,80,849	3,58,820	47,52,281	2,77,827	34,87,349	9,73,462	1,14,20,479

* Figures not available.

The matter continues to receive the attention of the Railways. Figures for 1936-37 are not yet available.

2. Details of the action taken on some of the more important recommendations are given below.

3. *Intensive use of locomotives.*—In their first report the Pope Committee emphasised the importance of the more intensive use of locomotives, and in their second report they detailed the points upon which they considered a co-ordinated attack should be made.

Several years prior to the issue of the first report of the Pope Committee, intensive use of locomotives was attempted by several Railways in this country but these early efforts generally proved unsuccessful owing to locomotives extensively employed rapidly deteriorating into a state of dis-repair.

Such failures were due to inadequate preparation both in respect of the provision of repair facilities and the modification of locomotives to make them suitable for intensive use, and it is upon the removal of such deficiencies that the attention of the Railway Board and Railway Administrations has been and still is being concentrated. Until such essential preliminary work is complete, the progress made towards increased utilisation must necessarily be slow but that such work is beginning to bear fruit is supported by the following figures showing the average passenger engine miles per day per passenger engine in use for the four State-managed Railways:—

Year.	Eastern Bengal Railway.	East Indian Railway.	Great Indian Peninsula Railway.	North Western Railway.
1933-34	123	140	193	117
1934-35	147	141	197	122
1935-36	144	145	202	135

In pursuance of the Board's policy to obtain increased locomotive utilisation the rolling stock programmes submitted by Railways are now scrutinised in much greater detail and the purchase of locomotives sanctioned only when it is clear to the Board that all avenues have been explored to obtain the utmost use out of the existing number under existing conditions. Side by side with this, proposals for the elimination of obsolete stock, as recommended by the Pope Committee, form an almost regular feature of the rolling stock programmes presented to the Standing Finance Committee for Railways. The result of this policy, in respect to both purchase and elimination, is closely reflected in the following figures for the four State-managed Railways showing the locomotive stocks during 1934-35 and the stocks that will exist at the close of 1938-39 inclusive of the proposals sanctioned by the Standing Finance Committee for that year:—

	1933-34.	1938-39.
Eastern Bengal Railway	311	294
East Indian Railway	1,613	1,529
Great Indian Peninsula Railway	938	729
North Western Railway	1,284	1,133
Total	4,146	3,685

In this connection it may also be mentioned that there is at present no reason to suppose that the volume of traffic during 1938-39 will be less than the traffic carried during 1928-29 when the locomotive stock of the four Railways concerned stood at 4,297. In other words, as a result of improved locomotive utilisation the Board expect to be able to handle equivalent traffic with 612 less locomotives. The purchase price of these 612 locomotives which either have been or will be scrapped without replacement was approximately Rs. 3 crores.

4. *Intensive use of Coaching Stock.*—The recommendations made under this item were accepted by the Board, and Railway Administrations were instructed to give their attention to the careful planning of coaching stock movement with a view to obtaining more intensive usage. The remarks made under locomotives above apply *mutatis mutandis* to coaching stock and the reductions effected are illustrated by the following figures for 1933-34 and 1938-39 expressed in terms of four-wheeled units:—

	1933-34.	1938-39.
Eastern Bengal Railway	1,563	1,557
East Indian Railway	4,824	4,673
Great Indian Peninsula Railway	2,496	2,155
North Western Railway	4,683	4,316
Total	13,566	12,701

Recently the Railway Board have taken up the connected question of pooling of Mela Stock between railways and this is now under reference to the Indian Railway Conference Association.

5. *Intensive use of machinery and plant.*—The Railway Board are of opinion that a comprehensive survey of machinery and plant in railway workshops would be premature until standardisation in accounting methods has been introduced. A draft scheme for this has been prepared and is under consideration.

They also consider that the subject is closely allied to the question of the concentration of manufacturing operations and that this investigation should be undertaken after the completion of the re-modelling of Jamalpur shops, when the question of concentrating manufacture at one or more convenient centres could be taken up. State-managed Railways have accordingly been informed that this question would be investigated by the Railway Board in due course.

6. *Uneconomical Wagons.*—The Committee suggested that every wagon passing through a Transportation Workshop or Sick Line should have, stencilled upon the end panels, coded particulars in "points" of the repairs done to the wagon. The Indian Railway Conference Association to whom the matter was referred for their views felt that the scheme was impracticable, and emphasised the necessity of avoiding any scheme likely to cause any delay to wagons through Train Examining Stations. The proposal therefore was not pursued further. An alternative scheme has, however, since been introduced which will enable the incidence of wagon repairs to be obtained with greater accuracy

in a shorter time. This scheme has been applied only at selected stations and workshops and will be applied only as long as is necessary to obtain the desired information. The data derived from this investigation will disclose the component parts which are most subject to damage and deterioration and most costly to maintain in all types of wagons. Such information should be of the greatest value both from the point of view of design of new wagons and to elimination of undesirable features in existing wagons.

There are also a number of wagons in service which are from 20 to 25 years old and structurally defective either in respect of their underframes or bodies for operation under present day traffic conditions. The reconditioning of 1,000 such Bengal Nagpur Railway wagons has recently been successfully completed and the reconditioning of 1,800 similar East Indian Railway wagons is now in hand. The possibility of reconditioning a further batch of Bengal Nagpur Railway wagons is also now under examination.

7. *Combining resources between Railways.*—(i) The Eastern Bengal and East Indian Railway presses have been amalgamated.

(ii) The question of the amalgamation of certain workshops and the closing down of others was investigated by the Railway Board and the Railway Administrations concerned. As a result of the investigation, the Board came to the conclusion that the economy that might accrue would not outweigh the administrative disadvantages and difficulties arising from such amalgamations.

On the other hand much has been done during recent years to concentrate the resources on individual railways. The following measures taken on the Great Indian Peninsula Railway are quoted as examples, and similar instances could be quoted in respect to other railways :—

- (i) closure of locomotive repair shops at Jhansi, Bhusaval, Igatpuri and Lonavla and the concentration of all locomotive repairs in Parel workshops ;
- (ii) closure of carriage and wagon repair shops at Bhusaval and concentration of all carriage and wagon repairs at Matunga and Jhansi ;
- (iii) concentration of all carriage building work at Matunga instead of sub-dividing the work between Matunga and Jhansi as hitherto ; and
- (iv) closure of foundries at Matunga and Jhansi and concentration of all foundry work at Parel.

(v) The Operating Committee of the Indian Railway Conference Association, to whom the Pope Committee's suggestion about neutral repairs was referred, did not recommend the renewal of experiments with neutral repairs. The Board concurred in this view. The Railway Administrations concerned were, however, asked to investigate the possibilities of introducing 'single control' of coaching stock at junction stations where coaching stock is interchanged. Most of these Railways undertook to introduce this system at certain junctions but the Bengal Nagpur Railway were averse to its adoption and the South Indian Railway desired to await the results of the experiments that were being made on other Railways. These two Railways have recently been asked to give the system a trial and to intimate the results after it has been in operation for a year.

8. Other important recommendations of the Pope Committee related to—

- (i) Ticketless travel ;
- (ii) Measures for speedy handling of "smalls" and economical handling of tranship traffic at break of gauge stations ;
- (iii) Measures to increase revenue.

The nature of these recommendations does not permit of the action taken on them being reduced to terms of money or to a statistical figure either in respect of economies effected or of increased earnings. All recommendations, however, were carefully examined by the Railway Board and by railways with a view to their adoption in cases where this was found practicable. The action taken on these recommendations is briefly narrated below.

9. *Ticketless travel.*—The Committee recommended that the law should be altered so that effective steps can be taken against persons who now take advantage of the laxity of the existing law with respect to travelling without tickets. The Public Accounts Committee are doubtless aware that, in the last session of the Legislative Assembly, a bill was introduced for this purpose and that it has been referred to a Select Committee for consideration.

10. *Measures for speedy handling of "smalls" traffic.*—The Committee recommended, with a view to each railway evolving the method best suited to local conditions, that railways should exchange information about their methods. This was done and the different systems in force throughout India have been examined by each Railway with a view to adopting the method best suited to their own conditions.

11. *Speedy and economical handling of traffic transhipped at break of gauge stations.*—The Committee put forward the following suggestions for the consideration of railways in order to expedite the handling of transshipment traffic at break of gauge stations and also to secure economy :—

- (a) The use of containers ;
- (b) The use of mechanical appliances ;
- (c) Definitely organised handling by man power.

The Committee recognised that there was nothing novel in what they had to say in their recommendations on the subject, but wished to emphasise that, to produce economy and efficiency, organised methods are essential, and recommended that the Railway Board should address railways in the matter. This was done, and railways overhauled their practice in the light of the Committee's observations. Generally, it was considered that the existing methods conformed largely to the recommendations of the Pope Committee.

The use of containers has not generally been found practicable. The demand for this method of transport from the public is limited and to provide containers merely to facilitate transshipment is not a practical proposition.

The employment of mechanical appliances (other than cranes) is found not suitable for Indian conditions which are dissimilar to conditions in other countries where expensive labour can be displaced by the use of machines.

The recommendations with regard to organised man-power are, in fact, already in vogue in our transshipment sheds.

The delays and expense consequent on break of gauge transshipment have long been a matter of investigation by Indian Railways which have more

experience of such conditions than most other countries, and whilst, as admitted by the Pope Committee, there is nothing novel in their remarks on the subject, their observations have been carefully considered by railways.

12. *Measure for increasing earnings.*—The recommendation of the Committee fell under the following heads :—

- (i) Organisation.
- (ii) Salesmanship.
- (iii) Advertising and Publicity.
- (iv) Rates and Fares.

(i) *Organisation.*—The Committee emphasised the need of a strong Commercial Department free to devote full time to matters concerning the development of traffic.

The necessity for this has for many years past been recognised by Indian Railways, and all the State Railways except the Eastern Bengal Railway and the three Company-managed Railways, Bengal Nagpur, Madras and Southern Mahratta and South Indian Railways, have now separate commercial departments.

(ii) *Salesmanship.*—The views of the Committee were commended to Railways who already recognise the importance of personal canvassing, and steps were taken by Railways to instil ideas of salesmanship in the staff. In the selection of Station Masters also, Railways have been increasingly stressing the need for commercial qualifications.

(iii) *Advertising and Publicity.*—As a means to increase earnings, the Pope Committee were of opinion that greater attention should be paid to advertising and publicity. It was not found possible to accept the recommendation that the Central Publicity Bureau should undertake the examination of the import and export trade of India and of other countries with which India is in competition in world markets, it being considered that individual railways themselves are in the best position to keep in touch with the import and export markets and traders.

Other recommendations of the Committee concerned the use of the cinema for advertising purposes, assistance to traders to find markets, co-operation with Municipalities and Hotel Associations at pleasure resorts or pilgrimage centres, organisation of pilgrimages and co-operation with educational bodies. All these suggestions have received and are receiving attention, though they are not quite new to railway administrations.

The question of bringing to the notice of the public the facilities offered by railways, both in respect to goods and passengers, was recently considered by the Indian Railway Conference Association and the whole subject will be re-examined in view of the recommendations of the Indian Railway Enquiry Committee.

(iv) *Rates and Fares.*—The following suggestions were made by the Committee for adjusting rates and fares to meet various conditions of traffic :—

- (a) Where rates and fares cannot be economically reduced, the condition of operating cost must be examined in order to ascertain what action might be taken, e.g., to provide light units to admit of greater frequency of movement;

- (b) Railways would risk very little by bringing the tapering effect of their passenger fares considerably nearer to the average lead in the third and intermediate classes;

- (c) Low rates quoted to develop a specific industry should be capable of enhancement after development is completed;

- (d) Inter-railway competition may be reduced permitting of an enhancement in rates;

- (e) The question of freight rates for export traffic should be examined co-operatively by Railway Administrations.

Railways have been already taking action regularly on the above lines and the views of the Committee indicated in (a) and (c) above were specially commended to Railways.

As regards (b), the Board did not accept the statement that there was little risk by bringing the tapering effect of passenger fares nearer to the average lead. Railways have, however, been asked to make a periodical examination in this respect.

As regards (d), the matter was discussed with the Agents, Class I Railways, and the necessity of taking concerted action was recognised by them. In actual practice, Railways do give prior advice of reductions in rates fares and conditions which may have the tendency of affecting adversely other Railways and in cases of dispute, settlement is arrived at by discussion between the Railways concerned.

As regards (e), the Secretary, Indian Railway Conference Association, was asked to have the suggestions considered by the Conference Association. The Conference found that any tendency to quote unduly low rates was due more to direct competition with coastal steamers rather than with inter-railway competition for export traffic. As regards this competition, the Conference recommended to Railways that, should there be a tendency for Railways to cut rates to secure traffic to ports in which they are particularly interested, they should co-operate in endeavouring to maintain a reasonable standard of rates.

APPENDIX V.

Working of the instructions issued by the Railway Board regarding auction sales on different Railways.

As desired by the Public Accounts Committee, instructions were issued to Railway Administrations in Railway Board's letter No. 2326-F./IV, dated the 20th November 1935 (*vide* annexure to appendix I to the Report for 1934-35) to the effect :—

- (i) that proper care should be exercised to select auctioneers of financial standing;
- (ii) that the auctioned material should not be allowed to be removed until the full amount had been received from the auctioneers; and
- (iii) that the arrangements with the auctioneers should be signed by duly authorised persons.

After considering these instructions on 20th July 1936 the Committee desired that a report on the working of these instructions should be presented to them annually.

2. The reports on the working of the instructions during 1936-37 received from the Railway Administrations show that the conditions (i) and (iii) are followed by the Railway Administrations. As regards the second condition, all Railway Administrations except the Bengal Nagpur, Eastern Bengal and East Indian Railways, have taken necessary steps to implement it. In the case of the East Indian and Eastern Bengal Railways it was pointed out by the auctioneers and the Controllers of Stores of those Railways that it was not practicable to adopt the hard and fast rule that the railways should in no circumstances deliver the auctioned material until the full value had been received from the auctioneers. The auctioneers were also not prepared to revise their agreements or to increase their security deposits sufficiently to cover the maximum value of the goods sold at an auction, but they were agreeable to adopt an insurance scheme through some Fidelity or Guarantee Bond to guard against loss to Government in the realisation of the amount of sale proceeds of auctioned material to the extent of Rs. 3 lakhs. On the recommendation of the Agents, and after very careful examination, the Railway Board were satisfied with the proposed insurance scheme and accordingly approved it. The Railway Administrations have, however, reported that no Insurance Company is prepared to undertake risk against insolvency, and the question is again under further examination by the Railway Administrations concerned. So far as the Bengal Nagpur Railway is concerned, it was pointed out that, in order to safeguard the interest of the Railway, the agreement provides a clause under which the auctioneers were required to furnish a security deposit of Rs. 1 lakh in G. P. Notes whereas the outstandings due from them to the Railway rarely, if ever, exceeded Rs. 75,000. In view of this the Railway Board agreed to the existing practice being continued. The Railway Administration has since informed the Board that the security deposit has been increased by Rs. 5,000 raising the total security deposit to Rs. 1,05,000 in G. P. Notes.

APPENDIX VI.

Comparison of pre-war and post-war working expenses under certain main heads.

At its meeting held in July 1936 the Public Accounts Committee desired to have a statement comparing pre-war and post-war working expenses of Indian Railways, classified under certain main heads, such as wages, salaries, cost of material, interest and depreciation.

2. A statement giving the available information for each railway is attached, together with an abstract giving the totals for all railways. Wherever separate information is not available, the column concerned is blank.

3. It will be observed from these statements that the expenditure on account of wages and salaries (in thousands of rupees) for the years 1913-14, 1923-24 and 1935-36 was as follows:—

	1913-14.	1923-24.	1935-36.
Gazetted staff	18,655	22,880	27,676
Upper subordinates	17,753	48,868	32,526
Lower subordinates	73,615	149,399	200,314
Labourers	14,674	31,309	39,830
Inferior servants	6,098	13,274	13,906

The categories of employees shown above were those in respect of which railways were asked to supply information. But the basis of classifying and designating subordinate and inferior servants is not uniform throughout the various administrations, and some of them have been unable to quote separate figures under some of the categories. No very great degree of accuracy should therefore be held to attach to the separate figures under the last four categories, but it is considered that, taken together, the totals are sufficiently accurate so as not to be misleading for the purpose in view.

4. In considering the above figures, the following facts regarding changes made in the scales of pay from time to time may be of interest.

Time scales of pay were introduced in 1908 for the service now known as the Indian Railway Service of Engineers.

The scales of pay for other superior railway services were revised in 1911 but they were graded and not time scales.

Owing to the conditions arising from the war and the high cost of living, the scales of pay were further revised and time scales of pay, which were more expensive, were introduced in almost all departments in 1919 and 1920.

As a result of recommendations made by the Lee Commission, scales of pay were further revised with effect from 1st April 1924 to the extent that in addition to basic pay or in lieu of rupee overseas pay officers of non-Asiatic domicile were given sterling overseas pay.

The scales of pay for superior railway officers appointed after 15th July 1931 were revised and reduced in 1933, because it was considered that the scales of pay then in force were excessive.

5. When the superior services' scales of pay were raised owing to the high cost of living arising from the war, Agents of State-managed Railways generally introduced time scales of pay for subordinates between 1917 and 1921 with the Railway Board's sanction.

The scales of pay for the lower paid staff, which included inferior servants and labourers, were revised further during the years 1929 and 1931, resulting in further increase of expenditure. Detailed information in respect of these has already been given in the Railway Board's reports for the years 1930-31 and 1931-32.

6. The increase of wages granted during days of plenty has increased railway working expenses by somewhere in the neighbourhood of Rs. 50 lakhs per annum, as mentioned by Chief Commissioner in paragraph 20 of his speech presenting the Railway Budget for 1936-37 in the Council of State.

to be compared with the Statement showing a comparison between pre-war and post-war railway expenditure divided over certain sub-heads.

Railways.	Years.	Staff.							
		Gazetted Staff.		Upper Subordinates.		Lower Subordinates.		Labourers.	
		No.	Cost.	No.	Cost.	No.	Cost.	No.	Cost.
			Rs.		Rs.		Rs.		Rs.
A. B. ...	1913-14	51	4.12	81	2.27	2,097	852	1,146	1.60
	1923-24	59	7.80	97	3.68	2,593	17.72	1,874	4.11
	1935-36	71	10.02	121	4.53	3,392	25.13	2,392	9.22
R. N. ...	1913-14	120	14.16	39,855	85.95	...	...	...	...
	1923-24	178	26.82	62,011*	1,97.07*	...	...	...	...
	1935-36	194	30.19	844	14.46	64,263	2,67.15	...	...
R. B. and C. I. ...	1913-14	136	14.88	156	7.59	59,620	1,42.17	...	...
	1923-24	182	26.55	1,015	44.99	73,180	3,40.43	...	...
	1935-36	172	30.66	942	49.29	63,801	3,40.56	...	...
E. B. ...	1913-14	117	9.89	248	9.08	7,961	38.16	26,630	25.33
	1923-24	131	18.20	542	24.24	8,610	74.62	26,412	78.18
	1935-36	124	22.30	484	22.90	9,124	95.34	29,984	91.66
R. I. ...	1913-14	276	24.94	683	26.03	18,062	1,08.49	86,462	74.11
	1923-24	320	42.09	2,010	91.16	20,448	1,55.43	100,748	1,33.17
	1935-36	299	49.83	1,875	81.91	33,831	2,30.67	69,354	1,89.74
G. I. P.	1913-14	178	15.69	312	13.30	100,286	1,74.62	...	...
	1923-24	230	31.53	1,007	51.11	92,392	3,38.41	...	...
	1935-36	213	38.44	1,270	56.59	82,058	3,49.98	...	...
M. S. M.	1913-14	119	11.09	113	3.90	7,294	40.09	21,509	23.75
	1923-24	146	17.65	227	9.29	7,825	61.48	23,040	39.29
	1935-36	139	20.17	227	11.78	8,695	76.10	24,602	50.72
N. W. ...	1913-14	226	20.49	1,026	23.07	93,877	1,89.33	...	...
	1923-24	278	36.10	1,137	52.03	101,678	4,14.56	...	...
	1935-36	271	44.32	1,326	63.87	103,622	5,08.91	...	...

* Include upper subordinates, lower subordinates, labourers and inferior servants.

† The number of labourers in 1935-36 was 13,950.

(a) Subordinates drawing Rs. 250 p.m. and above.

b Includes subordinates drawing less than Rs. 250 p.m., labourers and inferior servants.

post-war railway expenditure divided over certain sub-heads.

(In thousands of rupees.)

Inferior Servants.		Total.		Salaries.	Wages.	Cost of materials.	Interest.	Depreciation.	Remarks.
No.	Cost.	No.	Cost.						
	Rs.		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
6,698	7.69	10,073	24.50	6.39	18.11	15.62	49.09	Not available.	
8,159	12.19	12,782	45.51	11.48	34.03	34.06	69.33	"	
10,744	16.67	16,720	65.57	14.55	51.02	53.88	91.63	"	
...	...	39,975	1,00.11	32.74	67.37	69.32	1,36.87	59.76	
...	...	62,189	2,33.89	74.36	1,49.53	1,87.95	2,16.27	92.40	
...	...	65,301	3,11.80	95.57	2,16.23	2,02.72	2,74.89	1,29.10	
...	...	69,912	1,64.64	...	...	1,55.75	1,65.10	25.77	
...	...	74,377	4,11.97	...	...	2,65.22	2,19.68	74.60	
...	...	64,915	4,20.51	...	...	1,65.06	2,78.19	79.73	
9,719	12.03	44,675	94.49	57.13	37.36	2,37.24	1,25.75	16.69	
11,296	23.97	46,991	2,19.21	1,17.06	1,02.15	2,94.81	1,62.26	43.38	
9,863	23.70	49,579	2,55.90	1,40.54	1,15.36	1,80.49	1,96.73	85.17	
23,616	24.33	129,099	2,57.90	79.54	1,78.36	2,09.86	4,43.05	...	
27,127	66.90	150,653	4,88.75	1,54.02	3,34.73	3,95.74	5,20.08	1,80.00	
19,799	54.59	125,158	6,06.74	1,75.44	4,31.30	1,99.97	5,94.38	2,40.18	
...	...	100,776	2,15.98	...	...	2,67.94	3,47.72	67.69	
...	...	93,629	4,63.96	...	...	4,49.56	4,25.82	90.01	
...	...	83,541	4,81.85	...	...	2,38.61	4,32.09	2,02.09	
...	...	29,035	78.83	...	...	Not available.	1,82.18	52.63	
...	...	31,238	1,27.71	...	...	1,50.22	2,09.01	63.37	
...	...	33,662	1,58.77	...	...	1,22.54	2,29.93	92.00	
...	...	95,129	2,12.89	...	...	...	3,16.05	...	
...	...	103,093	5,02.69	...	...	...	4,31.81	1,60.88	
...	...	106,219	6,17.10	...	...	4,13.67	5,91.38	1,94.64	

(c) Includes subordinates drawing less than Rs. 30 p.m. or on scales of pay terminating under Rs. 30 p.m., labourers and inferior servants.

(d) Totals include the cost of Provident Fund bonus. Gratuities shown separately.

(e) Figures include inferior servants also.

Statement showing a comparison between

Railways.	Years.	Staff.							
		Gazetted Staff.		Upper Subordinates.		Lower Subordinates.		Labourers.	
		No.	Cost.	No.	Cost.	No.	Cost.	No.	Cost.
S. I. ..	1913-14	81	Rs. 79,12	81	Rs. 1,97	5,208	Rs. 28,50	6,570	Rs. 5,44
	1923-24	89	11,63	190	8,28	5,790	65,12	9,382	23,91
	1935-36	128	17,00	265	11,69	9,236	74,70	6,314	24,59
B. & N. W. ..	1913-14	71	5,78	152	3,48	3,276	11,51	10,319	10,98
	1923-24	78	7,86	190	5,49	3,774	21,58	11,830	19,32
	1935-36	75	11,85	276	6,75	4,881	22,15	17,088	22,69
R. & K. ..	1913-14	24	1,80	38	89	881	2,96	4,065	5,23
	1923-24	22	2,57	44	1,34	937	4,64	4,530	10,10
	1935-36	16	1,98	51	1,49	965	5,45	4,556	9,68

(f) Figures include lower subordinates, labourers and inferior servants.

(g) (i) The total number of staff as shown in Railway Administration Report for 1913-14 (Volume II) is 43,739 and the cost is Rs. 1,02,45,000 (Volume I of the Report for 1920-21).

(ii) The total number of staff as shown in the Railway Administration Report for 1923-24 (Volume II) is 49,598 and the cost of staff is Rs. 1,88,40,742.

Statement showing a comparison between

Years.	Staff.					
	Gazetted Staff.		Upper Subordinates.		Lower Subordinates.	
	No.	Cost.	No.	Cost.	No.	Cost.
1913-14		Rs.		Rs.		Rs.
1913-14	1,399	1,30,55	42,745	1,77,53	298,562	7,36,15
1923-24	1,713	2,28,80	58,471	4,88,68	317,227	14,93,99
1935-36	1,720	2,76,76	7,680	3,25,26	383,868	20,03,14

* Includes 1,057 on account of Provident Fund bonus and
 † Includes 4,291 on account of Provident Fund bonus and
 ‡ Includes 3,684 on account of Provident Fund bonus and
 § Includes in the case of B. N. Railway upper subordinates

re-war and post-war railway expenditure.

(In thousands of rupees.)

Inferior Servants.		Total.		Salaries.	Wages.	Cost of materials.	Interest.	Depreciation.	Remarks.
No.	Cost.	No.	Cost.						
14,566	Rs. 13,03	26,796	Rs. 66,85	Rs. 61,41	Rs. 5,44	Rs. 63,21	Rs. 64,48	Rs. 31,12	
15,234	23,95	30,686	1,37,89	1,08,98	28,91	1,24,23	96,22	37,05	
20,092	24,26	34,035	1,44,24	1,39,65	24,59	98,89	1,75,31	44,80	
4,110	3,90	17,928	35,55	..	..	..	..	..	
5,862	5,73	21,734	59,98	..	..	..	..	..	
4,888	7,84	27,208	78,28	..	..	..	..	..	The head Depreciation is not operated on.
..	..	50,08	10,68	..	..	..	..	..	
..	..	55,33	18,65	..	..	..	..	..	
..	..	55,88	18,60	..	..	..	..	..	Do.

(iii) The total number of staff as shown in the Railway Administration Report for 1935-36 (Volume I) is 49,699 and the cost of staff is Rs. 2,59,69,792.

The figures appearing in the statement exclude B-11. C-11 Shed and T. & R. Staff (B. 111. C. 11) and Electrical Workshops.

re-war and post-war railway expenditure.

(In thousands of rupees.)

Labourers.		Inferior Servants.		Total.		Salaries.	Wages.	Cost of materials.	Interest.
No.	Cost.	No.	Cost.	No.	Cost.				
	Rs.		Rs.		Rs.	Rs.	Rs.	Rs.	Rs.
157,001	1,46,74	58,699	60,98	558,406	12,62,52*	2,37,21	3,06,64	10,18,94	18,30,29
177,816	3,13,09	67,678	1,32,74	632,905	27,00,21†	4,65,90	6,49,35	19,03,79	23,50,48
184,290	3,98,30	65,386	1,39,06	612,926	31,79,36‡	5,65,75	8,38,50	16,71,83	26,64,53

ratuity not included under individual categories.
 ratuity not included under individual categories.
 ratuity not included under individual categories.
 lower subordinates labourers and inferior servants.

APPENDIX VII.

Railway Saloons reserved for the use of Railway Officers and other Government Departments.

The Public Accounts Committee at their meeting held on 21st July, 1936, desired to be furnished with a statement showing the number of saloons maintained, their capital cost, depreciation and maintenance, the classes of officers entitled to their use, distinguishing saloons maintained by railways for their own purposes from the rest. Statements detailing this information, except in regard to maintenance and depreciation, are attached. The life limit fixed for saloons is 40 years, and as this figure is almost invariably worked to, 2½% of the capital cost may be regarded for all practical purposes, as an accurate assessment of the annual depreciation. Separate figures relative to annual maintenance charges are not available. Experience indicates that these charges approximate 4% of the capital cost in the case of saloons reserved for high officials owing to their infrequent use, and 5% in the case of other saloons.

BENGAL NAGPUR RAILWAY (BROAD GAUGE).

Statement showing particulars of saloons reserved exclusively for use of Railway Officers.

Serial No.	Description of saloon.	Individual number of saloon.	Capital cost.	Class of officers entitled to the use of the saloon.	Remarks.
			Rs.		
1	Bogie (inspection)	1006	22,239	Chief Mechanical Engineer, Kharagpur.	
2	Do. ..	1007	22,239	Chief Engineer, Santragachi.	
3	Do. ..	2	30,636	Transportation Manager and Commercial Traffic Manager, Santragachi.	
4	Do. ..	1005	19,411	Superintendents, Loco and Carriage and Wagon Departments, Kharagpur.	
5	Do. ..	1	25,315	Superintendents, Headquarters, Garden Reach, Calcutta.	
6	Four-wheeled inspection carriages.	590	12,052	Pooled between District Officers stationed at Kharagpur including Superintendent of Government Railway Police.	
7	Do. ..	7	13,667		
8	Do. ..	442	12,276		
9	Do. ..	444	24,255		

REPORT OF THE PUBLIC ACCOUNTS COMMITTEE.

Serial No.	Description of saloon.	Individual number of saloon.	Capital cost.	Class of officers entitled to the use of the saloon.	Remarks.
			Rs.		
10	Four-wheeled inspection carriages.	578	24,255		
11	Do. ..	595	*17,568		
12	Do. ..	8	11,806		
13	Do. ..	304	12,206		Inspection carriage (Observation), Kharagpur.
14	Do. ..	414	24,255		Pooled between Superintendent, Way and Works, D. C. O., D. L. O. & B. C. O., Chakraborty.
15	Do. ..	386	12,052		
16	Do. ..	188	12,062		
17	Do. ..	823	18,461		
18	Do. ..	1001	15,601		
19	Do. ..	1002	12,239		Pooled between T. C. M. D. L. S., D. C. O., D. E., M. O. & Mining Engineer, Adra, District Electrical Superintendent, Adra.
20	Do. ..	308	12,276		
21	Do. ..	588	12,052		
22	Do. ..	577	24,255		
23	Do. ..	568	13,696		
24	Do. ..	587	12,052		
25	Do. ..	12	7,802		S. D. O., Signals, Adra.
26	Do. ..	827	13,461		Assistant Engineer, Signals, Purulia.
27	Do. ..	9	12,338		District Transportation Officer, Bilaspur.
28	Do. ..	593	*17,568		District Loco and Carriage Superintendent, Bilaspur.
29	Do. ..	189	14,632		District Engineer, Bilaspur.
30	Do. ..	594	*17,568		Medical Officer, Bilaspur.
31	Do. ..	463	17,545		District Engineer, Nagpur.
32	Do. ..	522	14,139		District Commercial Officer, Nagpur.
33	Do. ..	591	*17,568		District Engineer, Titlagarh.

*Expenditure not yet final.

Serial No.	Description of saloon.	Individual number of saloon.	Capital cost.	Class of officers entitled to the use of the saloon.	Remarks.
			Rs.		
34	Four-wheeled inspection carriages.	838	11,302	District Transportation Officer, Waltair.	
35	Do. ..	592	*17,568	District Commercial Officer, Waltair.	
36	Do. ..	303	13,696	Assistant Transportation Officer, Khurda Road.	
37	Do. ..	589	12,052	District Loco and Carriage Superintendent, Khurda Road.	
38	Do. ..	473	13,190	District Engineer, Cuttack.	
39	Do. ..	4	14,465	Officer in charge, T. T. Dis., Santragachi.	
40	Do. ..	500	24,255	Pooled between District Officers, Assistant Officers, and Office Assistant Coaching, stationed at Headquarters, Santragachi.	
41	Do. ..	570	12,276		
42	Do. ..	472	12,621		
43	Do. ..	573	12,276		
44	Do. ..	596	*17,568		
45	Do. ..	469	24,255		
46	Do. ..	89	8,792		
47	Do. ..	829	8,593		
48	Do. ..	449	11,312		
49	Do. ..	392	12,387		
50	Do. ..	466	24,255	Sleeper Passing Officers, Eastern Group.	
	Total ..		7,96,305		

*Expenditure not yet final.

BOMBAY, BARODA AND CENTRAL INDIA RAILWAY (BROAD GAUGE).
Statement showing particulars of saloons reserved exclusively for use of Railway Officers.

Serial No.	Description of saloon.	Individual number of saloon.	Capital cost.	Class of officers entitled to the use of the saloon.	Remarks.
			Rs.		
1	Officer's saloon four-wheeled.	2	33,392	Officers of District Rank	These 22 four-wheeled saloons are shared by 34 officers.
2	Do. ..	3	33,392		
3	Do. ..	8	14,618		
4	Do. ..	9	14,618		
5	Do. ..	12	13,228		
6	Do. ..	13	13,238		
7	Do. ..	14	13,238		
8	Do. ..	15	20,467		
9	Do. ..	16	20,467		
10	Do. ..	17	27,796		
11	Do. ..	18	28,859		
12	Do. ..	3451	16,125		
13	Do. ..	3452	16,125		
14	Do. ..	3453	14,023		
15	Do. ..	3454	14,023		
16	Do. ..	3455	31,030		
17	Do. ..	3456	31,030		
18	Do. ..	3457	31,296		
19	Do. ..	3458	31,296		
20	Do. ..	3459	31,296		
21	Saloon six-wheeled	7	18,118	Administrative Officers	These 5 bogie saloons are shared by 23 officers.
22	Do. ..	21	15,451		
23	Saloon bogie ..	5	58,242		
24	Do. ..	10	20,925		
25	Do. ..	22	20,925		
26	Do. ..	23	20,925		
27	Do. ..	25	34,117		
28	Do. ..	24	20,931		
	Total ..		6,59,181	Senior Government Inspector of Railways.	

EASTERN BENGAL RAILWAY (BROAD GAUGE).

Statement showing particulars of saloons reserved exclusively for use of Railway Officers.

Serial No.	Description of saloon.	Individual number of saloon.	Capital cost.	Class of officers entitled to the use of the saloon.	Remarks.
			Rs.		
1	Bogie ..	1	27,338	Head of Department.	
2	Four-wheeler ..	149	17,115	District Officer (pooled).	
3	Bogie ..	1265	86,463	Agent.	
4	Do. ..	1407	22,961	Head of Department.	
5	Do. ..	1408	17,778	Head of Department (pooled).	
6	Do. ..	1409	17,778	Do.	
7	Do. ..	1410	21,177	Government Inspector of Railways.	
8	Four-wheeler ..	2	11,000	District Officer (pooled).	
9	Do. ..	3	19,810	District Officer.	
10	Do. ..	4	6,100	Assistant Officer (pooled).	
11	Do. ..	5	6,250	Do.	
12	Do. ..	6	9,710	District Officer (pooled).	
13	Do. ..	7	11,294	District Officer.	
14	Do. ..	10	*	District Officer (pooled).	
15	Do. ..	11	19,811	Assistant Officer.	
16	Do. ..	12	*	Assistant Officer (pooled).	
17	Do. ..	13	4,550	† Malarialogist.	
18	Do. ..	15	9,710	Assistant Officer.	
19	Do. ..	16	9,710	District Officer.	
20	Do. ..	32	9,710	District Officer (pooled).	
21	Do. ..	124	*	Assistant Officer (pooled).	
22	Do. ..	147	17,255	District Officer.	
23	Do. ..	148	17,255	Do.	
24	Bogie ..	1252	47,589	Head of Departments.	
25	Four-wheeler ..	1254	18,032	District Officer (pooled).	
26	Do. ..	1255	18,032	Assistant Officer.	

* Not available.

† Converted from smoking saloon to malarialogist's.

Serial No.	Description of saloon.	Individual number of saloon.	Capital cost.	Class of officers entitled to the use of the saloon.	Remarks.
			Rs.		
27	Four-wheeler ..	1256	16,558	District Officer.	
28	Do. ..	1257	16,558	Assistant Officer.	
29	Do. ..	1258	16,558	Do.	
30	Do. ..	1259	18,902	District Officer.	
31	Do. ..	1260	18,902	Do.	
32	Do. ..	1261	18,902	Assistant Officer.	
33	Do. ..	1262	18,902	District Officer.	
34	Do. ..	1263	18,902	Do.	
35	Do. ..	1264	18,902	District Officer (pooled).	
36	Do. ..	1411	10,450	Inspection Car.	
37	Do. ..	1412	12,300	District Officer.	
38	Do. ..	1266	*22,000	Do.	
39	Do. ..	1267	*22,000	Do.	
40	Do. ..	1413	12,300	Do.	
41	Do. ..	1419	15,222	Do.	
42	Do. ..	1420	15,222	Assistant Officer.	
43	Do. ..	1268	*22,000	Do.	
44	Do. ..	1269	*22,000	District Officer.	
Total ..†			7,63,008		

* Anticipated approximate cost only—completion report not yet submitted.

† Excluding three carriages, capital costs of which are not known.

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EAST INDIAN RAILWAY (BROAD GAUGE).

Statement showing particulars of saloons reserved exclusively for use of Railway Officers.

Serial No.	Description of saloon.	Individual number of saloon.	Capital cost.	Class of officers entitled to the use of the saloon.	Remarks.
			Rs.		
1	Bogie (reserved) ..	2945	67,912	Agent.	Running as a replaced stock vehicle.
2	Do. ..	2000	19,278	Deputy Agent.	
3	Do. ..	4908	41,006	Chief Electrical Engineer.	
4	Six-wheeler (reserved).	1901	11,449	Chief Auditor	
5	Bogie (reserved) ..	5141	27,302	Chief Accounts Officer and Controller of Stores.	
6	Do. ..	4885	32,341	Divisional Superintendent, Moradabad.	
7	Do. ..	4884	32,341	Divisional Superintendent, Allahabad.	
8	Do. ..	1995	36,069	Chief Medical Officer and Chief Commercial Manager.	
9	Do. ..	4868	31,863	Chief Engineer.	
10	Do. ..	4869	17,058	Deputy Head of Department's Pool.	
11	Do. ..	4870	23,068	Chief Mechanical Engineer.	
12	Do. ..	4871	23,068	Divisional Superintendent, Lucknow.	
13	Do. ..	4886	32,341	Divisional Superintendent, Howrah.	
14	Do. ..	4894	27,440	Divisional Superintendent, Asansol.	
15	Do. ..	4888	32,341	Divisional Superintendent, Dinapore.	
16	Do. ..	4907	41,006	Deputy Head of Department's Pool.	
17	Do. ..	4889	32,341	Do.	
18	Do. ..	4887	32,341	Do.	
19	Do. ..	5080	29,591	Directors of Railway Board.	
20	Do. ..	5081	40,000	Do.	

REPORT OF THE PUBLIC ACCOUNTS COMMITTEE.

Serial No.	Description of saloon.	Individual number of saloon.	Capital cost.	Class of officers entitled to the use of the saloon.	Remarks.
			Rs.		
21	Bogie (reserved) ..	5082	32,452	Chief Mining Engineer, Railway Board.	
22	Do. ..	4893	26,423	Senior Government Inspector of Railways.	
23	Do. ..	2420	13,538	Under Chief Operating Superintendent's order.	
24	Four-wheeler (reserved).	3844	19,933	Do.	
25	Do. ..	1949	10,814	Do.	
26	Do. ..	4956	13,621	Do.	
27	Do. ..	3189	20,372	Do.	
28	Do. ..	1945	9,197	Do.	
29	Do. ..	2772	8,112	Assistant Superintendent, Way and Works, Roorkee.	
30	Do. ..	3357	19,249	District Medical Officer, Dhanbad.	
31	Do. ..	3645	19,933	Under Chief Operating Superintendent's order.	
32	Do. ..	4904	12,960	Do.	
33	Do. ..	4902	10,080	Assistant Superintendent, Way and Works, Howrah.	
34	Do. ..	1929	9,248	Coal Area Superintendent, Dhanbad.	
35	Do. ..	4906	6,314	Under Chief Operating Superintendent's order.	
36	Do. ..	4955	21,963	Do.	
37	Do. ..	2019	14,259	Inspection carriage.	
38	Do. ..	4890	7,662	Do.	
39	Do. ..	1912	8,506	Under orders of Divisional Superintendent, Howrah.	
40	Do. ..	3355	21,640	Do.	
41	Do. ..	2998	16,992	Do.	
42	Do. ..	1923	8,880	Do.	
43	Do. ..	2020	6,937	Do.	

Serial No.	Description of saloon.	Individual number of saloon.	Capital cost.	Class of officers entitled to the use of the saloon.	Remarks.
			Rs.		
44	Four-wheeler (reserved).	2939	9,005	Under orders of Divisional Superintendent, Howrah.	
45	Do. ..	1964	20,946	Do.	
46	Do. ..	2840	6,682	Assistant Superintendent, Way and Works, Rampurhant.	
47	Do. ..	2014	6,594	Assistant Superintendent, Way and Works, Sahibganj.	
48	Do. ..	2837	9,005	District Medical Officer, Jamalpur.	
49	Do. ..	1922	8,880	Assistant Superintendent, Way and Works, Burdwan.	
50	Do. ..	2800	8,732	Assistant Superintendent, Way and Works, Ondal.	
51	Do. ..	1936	7,979	Assistant Superintendent, Way and Works, Madhupur.	
52	Do. ..	2910	13,312	Assistant Superintendent, Way and Works, Partabgarh.	
53	Do. ..	1939	7,979	Assistant Signal Engineer and Assistant Superintendent, Way and Works, Asansol.	
54	Do. ..	3190	20,372	Under orders of the Divisional Superintendent, Asansol.	
55	Do. ..	3029	17,494	Do	
56	Do. ..	1767	8,774	Do.	
57	Do. ..	1915	8,506	Do.	
58	Do. ..	1946	8,168	Do.	
59	Do. ..	2016	9,320	Do.	
60	Do. ..	1925	8,880	Do.	
61	Do. ..	3030	16,187	Do.	
62	Do. ..	1914	8,506	Assistant Superintendent, Way and Works, Barkakhana.	

Serial No.	Description of saloon.	Individual number of saloon.	Capital cost.	Class of officers entitled to the use of the saloon.	Remarks.
			Rs.		
63	Four-wheeler (reserved).	3646	19,933	Assistant Superintendent, Way and Works, Gujhandi.	
64	Do. ..	3081	17,492	District Electrical Engineer, Dhanbad.	
65	Do. ..	2478	6,398	Under orders of the Divisional Superintendent, Dinapur.	
66	Do. ..	1938	7,979	Do.	
67	Do. ..	1933	7,979	Do.	
68	Do. ..	2838	9,005	Do.	
69	Do. ..	1931	9,248	Do.	
70	Do. ..	1950	7,814	Do.	
71	Do. ..	1934	7,979	Do.	
72	Do. ..	1928	9,248	Do.	
73	Do. ..	1961	7,543	Do. ..	Running as a replaced stock vehicle.
74	Do. ..	3191	19,397	Assistant Superintendent, Way and Works, Moghalsrai.	
75	Do. ..	1911	8,506	Do. & D. M. O., Gaya.	
76	Do. ..	1941	7,979	Do. Dehri-on-Sone.	
77	Do. ..	3356	19,249	Do. Patna Junction.	
78	Do. ..	1940	20,946	Do. Dinapore.	
79	Do. ..	1913	8,506	Under orders of the Divisional Superintendent, Allahabad.	
80	Do. ..	1944	9,197	Do.	
81	Do. ..	1948	7,814	Do.	
82	Do. ..	3192	19,397	Do.	
83	Do. ..	1926	8,880	Do.	
84	Do. ..	2997	17,794	Do.	

Serial No.	Description of saloon.	Individual number of saloon.	Capital cost.	Class of officers entitled to the use of the saloon.	Remarks.
85	Four-wheeler (reserved).	2999	Rs. 16,187	Under orders of the Divisional Superintendent, Allahabad.	Running as a replaced stock vehicle.
86	Do. ..	1916	8,506	District Medical Officer, Tundla.	
87	Do. ..	1937	7,979	Assistant Superintendent, Way and Works, Aligarh.	
88	Do. ..	1963	7,543	Do. Allahabad.	
89	Do. ..	1942	7,979	Do. Etawah.	
90	Do. ..	1962	7,543	Do. Cawnpore ..	
91	Do. ..	1754	16,187	Assistant Signal Engineer, Allahabad.	
92	Do. ..	4872	12,960	Electrical Engineer, Lucknow.	
93	Do. ..	4881	12,860	Assistant Signal Engineer, Lucknow.	
94	Do. ..	4912	12,960	Under orders of the Divisional Superintendent, Lucknow.	
95	Do. ..	4877	12,960	Do.	
96	Do. ..	4875	12,960	Do.	
97	Do. ..	4879	12,960	Do.	
98	Do. ..	4882	9,084	Do.	
99	Do. ..	4910	8,589	Do.	
100	Do. ..	4957	13,621	Do.	
101	Do. ..	4911	12,840	Assistant Superintendent, W. & W. Rai-Bareilly.	
102	Do. ..	2476	6,898	Do. Fyzabad.	
103	Do. ..	4873	12,960	Chief Operating Superintendent, Pool.	
104	Do. ..	1932	8,846	Under orders of the Divisional Superintendent, Moradabad.	
105	Do. ..	3354	21,840	Do.	
106	Do. ..	4883	11,921	Do.	

Serial No.	Description of saloon.	Individual number of saloon.	Capital cost.	Class of officers entitled to the use of the saloon.	Remarks
107	Four-wheeler (reserved).	4874	Rs. 12,960	Under orders of the Divisional Superintendent, Moradabad.	
108	Do. ..	3643	19,933	Do.	
109	Do. ..	4876	12,960	Do.	
110	Do. ..	1921	8,791	Do.	
111	Do. ..	2773	8,112	District Medical Officer, Moradabad.	
112	Do. ..	4901	8,428	District Medical Officer, Bareilly.	
113	Do. ..	4896	12,840	District Medical Officer, Moradabad.	
114	Do. ..	4954	21,963	District Medical Officer, Hardoi.	
115	Do. ..	2017	9,320	Assistant Superintendent, Signals, Moradabad.	
Total		..	18,03,783		

GREAT INDIAN PENINSULA RAILWAY (BROAD GAUGE).

Statement showing particulars of saloons reserved exclusively for use of Railway Officers.

Serial No.	Description of saloon.	Individual number of saloon.	Capital cost.	Class of officers entitled to the use of the saloon.	Remarks.
			Rs.		
1	Bogie ..	2482	45,894	Dynamometer Staff Car.	
2	Do. ..	2485	58,102	P. M. and H. O.	
3	Do. ..	2493	27,855	C. E.	
4	Do. ..	2494	39,379	D. S. Bhusawal	
5	Do. ..	2495	26,545	D. S. Jhansi.	
6	Do. ..	2497	6,970	Deputy C. E. Bridges.	
7	Do. ..	2498	6,970	D. S. Sholapur.	
8	Do. ..	2499	22,641	D. S. Jubbulpore.	
9	Do. ..	2579	95,858	Agent.	
10	Four-wheeled ..	2302	8,952	D. V. E. Jhansi.	
11	Do. ..	2303	8,952	D. V. T. M., Sholapur.	
12	Do. ..	2304	8,952	D. V. E. Poona.	
13	Do. ..	2305	8,952	Senior Assistant Bhusawal Division.	
14	Do. ..	2306	8,952	Bridge Engineer.	
15	Do. ..	2307	8,952	D. V. E. Nagpur.	
16	Do. ..	2309	8,952	D. V. E. Jubbulpore	
17	Do. ..	2310	8,952	D. V. E. Bhusawal	
18	Do. ..	2315	27,819	Assistant S. and I. Engineer, I. G. P.	
19	Do. ..	2316	27,819	D. V. E. Bombay.	
20	Do. ..	2317	27,819	Senior A. T. S. Jhansi Division.	
21	Do. ..	2318	27,819	D. V. T. M. Nagpur.	
22	Do. ..	2319	27,819	Pool for Senior Officers BB.	
23	Do. ..	2320	26,607	Senior A. T. S. Jubbulpore Division.	
24	Do. ..	2323	4,493	Pool for Junior Officers BB.	

Serial No.	Description of saloon.	Individual number of saloon.	Capital cost.	Class of officers entitled to the use of the saloon.	Remarks.
			Rs.		
25	Four-wheeled ..	2336	19,341	R. E. Manmad.	
26	Do. ..	2337	19,341	R. E. MBA.	
27	Do. ..	2338	7,228	Assistant S. and I. Engineer Jhansi.	
28	Do. ..	2339	7,228	R. E. Bhusawal.	
29	Do. ..	2340	7,228	Pool SUR Division.	
30	Do. ..	2341	7,228	R. E. SBD.	
31	Do. ..	2342	7,228	Assistant S. and I. Engineer JBP.	
32	Do. ..	2343	7,228	R. E. Akola.	
33	Do. ..	2344	7,228	Assistant Engineer (Bridges).	
34	Do. ..	2345	7,228	R. E. Knw.	
35	Do. ..	2346	19,729	Jhansi Division Pool.	
36	Do. ..	2347	19,729	R. E. DD.	
37	Do. ..	2348	19,729	Pool for Junior officers BB.	
38	Do. ..	2349	19,729	Pool for Junior officers BB.	
39	Do. ..	2350	19,729	Pool for Bal. Division.	
40	Do. ..	2358	17,569	Pool Jbp. Division.	
41	Do. ..	2359	17,569	Pool Bal. Division.	
42	Do. ..	2360	17,569	Pool Jha. Division.	
43	Do. ..	2361	17,569	Pool Jbp. Division.	
44	Do. ..	2362	17,569	R. E. Nagpur.	
45	Do. ..	2363	17,569	Pool Sur. Division.	
46	Do. ..	2364	21,683	Pool Jbp. Division.	
47	Do. ..	2365	21,683	Pool Jha. Division.	
48	Do. ..	2366	21,683	Pool for Junior Officers BB.	
49	Do. ..	2367	21,683	Do. do.	
50	Do. ..	2368	21,683	Do. do.	

Serial No.	Description of saloon.	Individual number of saloon.	Capital cost.	Class of officers entitled to the use of the saloon.	Remarks.
			Rs.		
51	Four-wheeled ..	2369	21,683	Pool for Junior officers BB.	
52	Do. ..	2426	22,758	R. E. Lonavla.	
53	Do. ..	2427	22,758	Pool Jhs. Division.	
54	Do. ..	2428	22,758	Pool Bal. Division.	
55	Do. ..	2429	22,758	R. E. Betul.	
56	Do. ..	2430	22,758	Pool Bal. Division.	
57	Do. ..	2431	22,758	Coal Superintendent.	
58	Do. ..	2432	22,758	R. E. Guna.	
59	Do. ..	2433	22,758	Pool Jhs. Division.	
60	Do. ..	2434	22,758	Pool Sur. Division.	
61	Do. ..	2435	22,758	Pool Jhs. Division.	
62	Do. ..	2436	22,758	R. E. Saugor.	
63	Do. ..	2437	22,758	Pool BSL. Division.	
64	Do. ..	2438	22,758	R. E. Bina.	
65	Do. ..	2439	15,037	Pool Bal. Division.	
66	Do. ..	2440	13,941	Pool for Junior Officers BB.	
67	Do. ..	2441	14,690	Pool Sur. Division.	
68	Do. ..	2442	14,164	Pool D. M. C. Nagpur.	
69	Do. ..	2443	14,164	R. E. Igp.	
70	Do. ..	2444	13,871	R. E. Bhopal.	
71	Do. ..	2445	14,164	Pool Jbp. Division.	
72	Do. ..	2446	14,690	R. E. Sholapur.	
73	Do. ..	2447	14,055	R. E. Jhansi.	
74	Do. ..	2448	14,055	R. E. Satna.	
75	Do. ..	2449	13,941	R. E. VRR.	
76	Do. ..	2450	8,880	Pool for Senior Officers BB.	
77	Do. ..	2457	10,280	Do. do	
78	Do. ..	2462	13,685	Do. do	

Serial No.	Description of saloon.	Individual number of saloon.	Capital cost.	Class of officers entitled to the use of the saloon.	Remarks.
			Rs.		
79	Four-wheeled ..	2465	10,523	Pool Bal. Division.	
80	Do. ..	2469	24,601	D. V. T. M. Jhansi.	
81	Do. ..	2470	21,601	Pool for Senior Officers BB.	
82	Do. ..	2471	21,601	D. V. T. M. Jubbulpore.	
83	Do. ..	2484	21,130	Ambulance and Surgery Car.	
SUPERNUMERARY STOCK.					
84	Bogie (four-wheeled).	6138	24,106	Pool.	
85	Do. ..	2301	7,870	D. V. E. Jhansi.	
86	Do. ..	2313	6,967	Pool Jhs. Division.	
87	Do. ..	2314	7,801	R. E. JBP.	
88	Do. ..	2324	4,400	A. T. S. 'D' Lonavla.	
89	Do. ..	2327	4,003	Pool Jhs. Division.	
90	Do. ..	2332	4,003	Do. do.	
91	Do. ..	2454	8,000	Pool for Junior Officers BB.	
92	Do. ..	2460	8,000	Pool Bal. Division.	
93	Do. ..	2461	8,000	Pool Jhs.	
94	Do. ..	6011	10,523	Pool Jhs. Division.	
95	Do. ..	6013	6,840	D. M. O. Igp.	
96	Do. ..	6129	6,067	R. E. Agra Cantt.	
97	Do. ..	6140	6,067	Pool Bal. Division.	
98	Do. ..	6148	7,454	Instructor Car BB.	
99	Do. ..	6167	7,163	Pool for Junior Officers BB.	
100	Do. ..	6254	6,275	Do. do.	
101	Do. ..	6260	6,275	Pool Jhs. Division.	
102	Do. ..	6270	7,454	Do.	
103	Do. ..	6271	7,454	A. T. S. 'D' Kalyan.	
	Total		17,41,856		

MADRAS AND SOUTHERN MAHRATTA RAILWAY (BROAD GAUGE).

Statement showing particulars of saloons reserved exclusively for use of Railway Officers.

Serial No.	Description of saloon.	Individual number of saloon.	Capital cost.	Class of officers entitled to the use of the saloon.	Remarks.
			Rs.		
1	Bogie ..	RA 5 ..	24,990	Agent.	
2	Do. ..	RA 7 ..	62,815	Heads of Departments and Deputies at Headquarters.	
3	Do. ..	RA 8 ..	50,121	S. G. I. of Railways.	
4	Do. ..	CE 6 ..	82,225	Heads of Departments and Deputies at Headquarters.	
5	Six-wheeled ..	ERA 13	10,488		
6	Do. ..	ERA 15	20,045		
7	Do. ..	ERA 17	22,873		
8	Do. ..	ERA 18	22,873		
ENGINEERING DEPARTMENT.					
9	Six-wheeled ..	ERB 46	28,220	District Engineer, Rayapuram.	
10	Do. ..	ERB 16	18,684	District Engineer, Bezwada.	
11	Do. ..	ERB 20	26,410	District Engineer, Godavari.	
12	Four-wheeled ..	ERB 59	28,360	District Engineer, Gooty.	
13	Do. ..	ERB 19	26,410	{ Assistant Signal Engineer, Madras. Bridge Engineer, Madras.	
OPERATING DEPARTMENT.					
14	Six-wheeled ..	ERB 14	21,425	District Transportation Superintendent Traffic, Bezwada.	
15	Do. ..	ERB 21	26,410	District Transportation Superintendent Traffic, Rayapuram.	
16	Do. ..	ERB 45	28,220	District Transportation Superintendent Power, Rayapuram.	
17	Do. ..	ERB 47	28,220	District Transportation Superintendent Power, Bezwada.	

Serial No.	Description of saloon.	Individual number of saloon.	Capital cost.	Class of officers entitled to the use of the saloon.	Remarks.
			Rs.		
ELECTRICAL DEPARTMENT.					
18	Four-wheeled ..	ERB 44	9,333	District Electrical Engineer, Perambur.	
MEDICAL DEPARTMENT.					
19	Four-wheeled ..	EBRL 43	9,333	District Medical Officer, Bezwada.	
RELIEF CARRIAGES.					
20	Four-wheeled ..	EBR 22	30,427	....	
21	Do. ..	EBR 28	19,497	....	
22	Do. ..	EBR 40	24,317	....	
23	Do. ..	EBR 42	9,333	....	
24	Do. ..	EBR 51	10,488	....	
25	Do. ..	EBR 52	10,488	....	
26	Do. ..	ERD 38	9,776	....	
Total			6,61,781		

NORTH WESTERN RAILWAY (BROAD GAUGE).

Statement showing particulars of saloons reserved exclusively for use of Railway Officers.

Serial No.	Description of saloon.	Individual number of saloon.	Capital cost.	Class of officers entitled to the use of the saloon.	Remarks.
			Rs.		
1	Saloon Bogie ..	22	70,701	Members of the Railway Board.	
2	Administrative ..	23	70,701		
3	Do. ..	24	29,591	Directors of the Railway Board.	
4	Do. ..	25	70,701	Financial Commissioner of Railways.	
5	Do. ..	51	20,951	Director of Railway Claims Accounts.	
6	Do. ..	108	1,03,070	Chief Commissioner of Railways.	
7	Do. ..	114	57,331	Senior Government Inspector of Railways Circle No. 4.	
8	Do. ..	36	13,500	Divisional Officers including Junior Scale Officers.	
9	Do. ..	37	15,000	Do.	
10	Do. ..	41	37,367	Administrative Officers.	
11	Do. ..	42	20,000	Do.	
12	Do. ..	43	37,367	Do.	
13	Do. ..	48	15,000	Divisional Officer.	
14	Do. ..	49	23,510	Administrative Officer.	
15	Do. ..	50	24,890	Divisional Officers including Junior Scale Officers.	
16	Inspection Saloon Bogie.	52	32,687	General Pool.	
17	Saloon Bogie (Administrative).	101	26,454	Administrative Officers.	
18	Do. ..	102	26,454	Do.	
19	Do. ..	103	26,454	Do.	
20	Do. ..	104	24,258	Do.	
21	Do. ..	105	24,258	Do.	

Serial No.	Description of saloon.	Individual number of saloon.	Capital cost.	Class of officers entitled to the use of the saloon.	Remarks.
			Rs.		
22	Saloon Bogie (Administrative).	106	24,258	Administrative Officers.	
23	Do. ..	109	53,720	Do.	
24	Do. ..	110	53,720	Do.	
25	Do. ..	111	53,720	Do.	
26	Do. ..	112	53,720	Do.	
27	Do. ..	113	53,720	Do.	
28	Do. ..	115	55,000	Agent.	
29	Do. ..	116	33,701	Administrative Officer.	
30	Do. ..	117	33,701	Do.	
31	Do. ..	122	36,854	Administrative Officers.	
32	Do. ..	123	16,500	Do.	
33	Do. ..	124	36,854	Administrative Officer.	
34	Saloon four-wheeled (Senior Assistant)	125	12,000	Divisional Officers including Junior Scale Officers.	
35	Do. ..	126	12,000	Do.	
36	Do. ..	127	12,000	Do.	
37	Do. ..	128	25,316	Do.	
38	Do. ..	129	25,316	Do.	
39	Do. ..	132	25,316	Do.	
40	Do. ..	44	12,000	Do.	
41	Do. ..	45	12,000	Do.	
42	Do. ..	53	12,000	Do.	
43	Do. ..	54	15,165	Do.	
44	Do. ..	56	15,165	Do.	
45	Do. ..	59	15,165	Do.	
46	Do. ..	68	12,000	Do.	
47	Do. ..	70	12,000	Do.	
48	Do. ..	73	14,198	Do.	

Serial No.	Description of saloon.	Individual number of saloon.	Capital cost.	Class of officers entitled to the use of the saloon.	Remarks.
			Rs.		
49	Saloon four-wheeled (Senior Assistant)	74	14,198	Divisional Officers including Junior Scale Officers.	
50	Do. ..	76	14,198	Do.	
51	Do. ..	77	12,780	Do.	
52	Do. ..	78	12,780	Do.	
53	Do. ..	79	12,780	Do.	
54	Do. ..	80	12,780	Do.	
55	Do. ..	133	12,000	Do.	
56	Do. ..	134	12,000	Do.	
57	Do. ..	136	25,316	Do.	
58	Do. ..	137	25,316	Do.	
59	Do. ..	138	12,000	Do.	
60	Do. ..	139	14,091	Do.	
61	Do. ..	140	14,091	Do.	
62	Do. ..	141	25,316	Do.	
63	Do. ..	142	Completion report still awaited.	Divisional Officers.	
64	Do. ..	143			
65	Do. ..	145	12,780	Divisional Officers including Junior Scale Officers.	
66	Do. ..	146	12,780	Do.	
67	Do. ..	147	15,165	Do.	
68	Do. ..	148	15,165	Do.	
69	Do. ..	149	15,165	Do.	
70	Do. ..	150	15,618	Do.	
71	Do. ..	151	15,618	Do.	
72	Do. ..	152	15,618	Do.	
73	Do. ..	153	15,618	Do.	
74	Do. ..	154	15,618	Do.	
75	Do. ..	155	18,584	Do.	

Serial No.	Description of saloon.	Individual number of saloon.	Capital cost.	Class of officers entitled to the use of the saloon.	Remarks.
			Rs.		
76	Saloon four-wheeled (Senior Assistant)	156	18,584	Divisional Officers including Scale Officers.	
77	Do. ..	157	18,584	Do.	
78	Do. ..	158	18,584	Do.	
79	Do. ..	159	23,047	Do.	
80	Do. ..	160	23,047	Do.	
81	Do. ..	161	23,047	Do.	
82	Do. ..	162	23,047	Do.	
83	Do. ..	163	23,047	Do.	
84	Do. ..	164	23,047	Do.	
85	Do. ..	165	Completion report still awaited.	Do.	
86	Do. ..	166			
87	Do. ..	167			
88	Do. ..	168			
89	Do. ..	169			
90	Do. ..	170			
91	Do. ..	171			
92	Do. ..	172			
93	Saloon four-wheeled (Junior Assistant)	187	11,000	Junior Scale Officers.	
94	Do. ..	189	23,529	Sub-Divisional Officer.	
95	Do. ..	190	23,529	Junior Scale Officers.	
96	Do. ..	191	23,529	Sub-Divisional Officer.	
97	Do. ..	192	24,861	Junior Scale Officers.	
98	Do. ..	193	11,000	Do.	
99	Do. ..	196	24,861	Sub-Divisional Officer.	
100	Do. ..	205	24,861	Do.	
101	Do. ..	212	24,861	Do.	
102	Do. ..	214	26,603	Junior Scale Officers.	
103	Do. ..	215	26,603	Sub-Divisional Officer.	
104	Do. ..	216	26,603	Do.	

Serial No.	Description of saloon.	Individual number of saloon.	Capital cost.	Class of officers entitled to the use of the saloon.	Remarks.
			Rs.		
105	Saloon four-wheeled (Junior Assistant).	217	26,603	Divisional Officers and Junior Scale Officers.	
106	Do. ..	218	26,603	Sub-Divisional Officer.	
107	Do. ..	219	26,603	Do.	
108	Do. ..	220	26,603	Do.	
109	Do. ..	221	26,603	Do.	
110	Do. ..	222	26,603	Junior Scale Officers.	
111	Do. ..	223	26,603	Sub-Divisional Officer.	
112	Do. ..	224	26,603	Do.	
113	Do. ..	225	26,603	Junior Scale Officers.	
114	Do. ..	226	26,603	Sub-Divisional Officer.	
115	Do. ..	227	26,603	Do.	
116	Do. ..	228	26,603	Do.	
117	Do. ..	229	26,603	Divisional Officers and Junior Scale Officers.	
118	Do. ..	230	26,603	Sub-Divisional Officer.	
119	Do. ..	233	27,562	Junior Scale Officers.	
120	Do. ..	234	27,562	Do.	
121	Do. ..	235	27,562	Sub-Divisional Officer.	
122	Do. ..	236	27,562	Do.	
123	Do. ..	237	27,562	Do.	
124	Do. ..	238	27,562	Junior Scale Officers.	
125	Do. ..	239	27,562	Sub-Divisional Officer.	
126	Do. ..	240	27,562	Do.	
127	Do. ..	241	24,861	Do.	
128	Do. ..	242	24,861	Junior Scale Officers.	
129	Do. ..	243	24,861	Sub-Divisional Officer.	
130	Do. ..	244	24,861	Do.	
131	Do. ..	245	24,861	Do.	

Serial No.	Description of saloon.	Individual number of saloon.	Capital cost.	Class of officers entitled to the use of the saloon.	Remarks.
			Rs.		
132	Saloon five-wheeled (Junior Assistant).	246	24,861	Sub-Divisional Officer.	
133	Do. ..	247	24,861	Do.	
134	Do. ..	248	24,861	Do.	
135	Do. ..	249	24,861	Do.	
136	Do. ..	250	24,861	Do.	
137	Do. ..	251	24,861	Do.	
138	Do. ..	252	24,861	Junior Scale Officer.	
139	Do. ..	253	24,861	Sub-Divisional Officer.	
140	Do. ..	254	24,861	Do.	
141	Do. ..	255	24,861	Do.	
142	Do. ..	256	24,861	Do.	
143	Do. ..	199	23,529	Do.	
144	Do. ..	257	Completion report still awaited.	Do.	
145	Do. ..	258	Do.	Do.	
146	Do. ..	259	Do.	Divisional Officer.	
147	Do. ..	260	Do.	Sub-Divisional Officer.	
148	Do.	261	Do.	Do.	
149	Tourist Car Bogie	86	46,875	Administrative Officer.	
150	Do. ..	87	22,579	Divisional Superintendent, Multan.	
	Totals ..	..	34,44,300*		

* Excluding cost of 15 four-wheeled saloons, completion reports of which are still awaited.

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SOUTH INDIAN RAILWAY (BROAD GAUGE).

Statement showing particulars of saloons reserved exclusively for use of Railway Officers.

Serial No.	Description of saloon.	Individual number of saloon.	Capital cost.	Class of officers entitled to the use of the saloon.	Remarks.
1	Bogie ..	R.A. 1	Rs. 60,325	Agent.	Replaced carriage.
2	Do. ..	R.B. 3 ..	37,538	Spare under Agent's orders.	
3	Six wheeled ..	E.R.B. 472	7,841	Spare under C. T. S.'s orders	
4	Do. ..	E.R.B. 473	10,335	Do.	
5	Do. ..	E.R.B. 474	8,000	District Traffic Superintendent.	
6	Do. ..	E.R.B. 475	8,979	District Engineer.	
7	Do. ..	E.R.B. 476	8,979	Assistant Traffic Superintendent.	
8	Do. ..	E.R.B. 478	18,415	District Engineer.	
9	Do. ..	E.R.B. 479	18,415	Do.	
10	Do. ..	E.R.B. 479-R	7,735	District Mechanical Engineer.	
11	Do. ..	E.R.B. 480	7,356	Assistant Engineer.	
Total ..		..	1,93,913		

ASSAM BENGAL RAILWAY (METRE GAUGE).

Statement showing particulars of saloons reserved exclusively for use of Railway Officers.

Serial No.	Description of saloon.	Numbers of saloons.	Capital cost.	Class of officers entitled to the use of the saloon.	Remarks.
1	Reserved Carriages 1st class, bogie.	4	Rs. 1,24,608	Agent, Traffic Manager, Chief Engineer and Locomotive and Carriage Superintendent.	
2	Reserved Carriages, four-wheeler.	28	4,10,017		
3	Reserved Carriages Inspection Carriage "A", four-wheeler.	29	2,71,360		
4	Reserved Carriages "B", four-wheeler.	14	61,369		
Total ..		75	8,67,354	Junior Officers.	

BENGAL AND NORTH-WESTERN RAILWAY.

Statement showing particulars of saloons reserved exclusively for use of Railway Officers.

Serial No.	Description of saloon.	Individual number of saloon.	Capital cost.	Class of officers entitled to the use of the saloon.	Remarks.
			Rs.		
1	Six-wheeled ..	3	8,085	Chief Engineer.	
2	Do. ..	4	8,085	Loco. and Traffic District Officers.	
3	Do. ..	5	8,085	Do.	
4	Do. ..	6	8,085	Traffic Manager.	
5	Bogie ..	7	13,178	Agent.	
6	Do. ..	8	11,968	Resident Engineer.	
7	Four-wheeled ..	11	4,375	Signal Engineer.	
8	Do. ..	12	4,375	Loco. and Traffic District Officers.	
9	Six-wheeled ..	13	8,132	Resident Engineer.	
10	Do. ..	14	4,375	Do.	
11	Do. ..	15	4,375	Loco. and Traffic District Officers.	
12	Do. ..	21	4,375	Assistant Auditors.	
13	Do. ..	22	4,375	District Loco. Superintendent.	
14	Bogie ..	23	10,096	Loco. and Carriage Superintendent.	
15	Six-wheeled ..	26	8,053	Medical Officers.	
Total ..		..	1,10,017		

BOMBAY, BARODA AND CENTRAL INDIA RAILWAY (METRE GAUGE).

Statement showing particulars of saloons reserved exclusively for use of Railway Officers.

Serial No.	Description of saloon.	Individual number of saloon.	Capital cost.	Class of officers entitled to the use of the saloon.	Remarks.
1	Officer's carriage (bogie).	24	Rs. 41,197	Administrative Officers ..	These four saloons are shared by six officers.
2	Do. ..	26	15,800		
3	Do. ..	30	21,535		
4	Tourist car (bogie)	9	15,746		
5	Officer's carriage (bogie).	27	15,800	Senior Government Inspector of Railways.	
6	Do. ..	18	10,000		
7	Officer's carriage (four-wheeled).	28	9,800		
8	Do. ..	33	10,016		
9	Do. ..	34	9,407	Officers of district rank ..	These 21 saloons are shared by 22 officers.
10	Do. ..	35	9,407		
11	Do. ..	36	10,213		
12	Do. ..	37	10,213		
13	Do. ..	38	10,990		
14	Do. ..	112	7,000		
15	Do. ..	114	7,000		
16	Do. ..	201	7,000		
17	Do. ..	202	9,800		
18	Do. ..	203	9,800		
19	Do. ..	204	9,800		
20	Do. ..	205	9,800		
21	Do. ..	207	9,800		
22	Do. ..	208	9,800		
23	Do. ..	210	9,800		
24	Do. ..	211	9,800		
25	Special saloon ..	16	6,200		
26	Family first ..	59	15,526		
	Total ..		3,11,250		

EASTERN BENGAL RAILWAY (METRE GAUGE).

Statement showing particulars of saloons reserved exclusively for use of Railway Officers.

Serial No.	Description of saloon.	Individual number of saloon.	Capital cost.	Class of officers entitled to the use of the saloon.	Remarks.
			Rs. 16,680		
1	Bogie ..	737		Government Inspector of Railways.	
2	Do. ..	744	30,582	Railway Board.	
3	Six-wheelers ..	3		Assistant Officer.	
4	Four-wheelers ..	9		Assistant Officer ..	(Purchased from B. & N.-W. Railway.)
5	Six-wheelers ..	16		Inspection Saloon.	
6	Four-wheelers ..	17		Assistant Officer (pooled).	
7	Bogie ..	22		Head of Department (pooled).	
8	Six-wheelers ..	738	11,129	Assistant Officer.	
9	Four-wheelers ..	739	11,129	District Officer.	
10	Six-wheelers ..	740	11,129	Assistant Officer.	
11	Do. ..	741	11,129	District Officer.	
12	Do. ..	742	9,641	Assistant Officer.	
13	Bogie ..	743	9,402	Head of Department (pooled).	
14	Four-wheelers ..	745		District Officer.	
15	Six-wheelers ..	746	11,413	Assistant Officer.	
16	Do. ..	747	11,413	District Officer.	
17	Do. ..	748	11,413	Do.	
18	Do. ..	750		Do.	
19	Bogie ..	1342		Head of Department (pooled).	
20	Four-wheelers ..	2003		District Officer.	
21	Bogie ..	2004	31,090	Agent.	
22	Six-wheelers ..	2005	12,142	District Officers.	
23	Do. ..	2006	12,142	District Officer.	

Serial No.	Description of saloon.	Individual number of saloon.	Capital cost.	Class of officers entitled to the use of the saloon.	Remarks.
24	Six-wheelers ..	2008	Rs. 12,589	District Officer.	
25	Do. ..	2009	11,880	Assistant Officer.	
26	Do. ..	2010	11,880	District Officer.	
27	Do. ..	2012	13,046	Assistant Officer.	
28	Do. ..	2013	13,046	Do.	
29	Bogie ..	2016	27,873	District Officer (pooled).	
30	Do. ..	2017	27,873	Do.	
31	Six-wheelers ..	2078	17,134	Assistant Officer.	
32	Do. ..	2079	17,134	District Officer (pooled).	
33	Do. ..	2080	17,134	Do.	
34	Four-wheelers ..	2081	20,000*	Assistant Officer.	
35	Do. ..	2082	20,000*	District Officer.	
Total ..		..	4,10,023		

* Anticipated approximate cost only, completion report not yet submitted.

MADRAS AND SOUTHERN MAHRATTA RAILWAY (METRE GAUGE).

Statement showing particulars of saloons reserved exclusively for use of Railway Officers.

Serial No.	Description of saloon.	Individual number of saloon.	Capital cost.	Class of officers entitled to the use of the saloon.	Remarks
			Rs.		
1	Bogie R. W. ..	812	56,187	Agent.	
2	Do. ..	800	19,530	} Pooled among Heads of Departments and Deputies.	
3	Do. ..	813	36,573		
4	Do. ..	801*	17,499		
5	Do. ..	802	19,257		
6	Do. ..	803*	8,949		
7	Do. ..	805	13,718	} Senior Government Inspector of Railways.	
8	Do. ..	804	20,784		
ENGINEERING DEPARTMENT.					
9	Four-wheeled Saloon	ERI 9580	18,269	District Engineer, Mormugao.	
10	Do. ..	967	17,752	District Engineer, Guntakal.	
11	Do. ..	968	16,310	District Engineer, Bangalore City.	
12	Do. ..	969	16,310	District Engineer, Belgaum.	
13	Do. ..	967	16,310	District Engineer, Hubli.	
14	Do. ..	8002	15,060	District Engineer, Bellary.	
15	Do. ..	6154	13,834	District Engineer, Gooty (Stabled at Renigunta).	
16	Do. ..	1404	10,350	District Engineer, and Assistant Engineer, Bezawada.	
17	Do. ..	1401	10,350	Assistant Engineer, Hubli.	
18	Do. ..	942	13,366	Assistant Engineer, Guntoor.	
19	Do. ..	1403	10,350	Assistant Engineer, Guntakal.	

* Replaced carriages.

Serial No.	Description of saloon.	Individual number of saloon.	Capital cost.	Class of officers entitled to the use of the saloon.	Remarks
20	Four-wheeled Saloon	ERB 960	Rs. 17,319	Assistant Engineer, Poona.	
21	Do.	.. 1650	6,139	Assistant Engineer, Arsikere.	
22	Do.	.. 1402	10,350	Assistant Engineer, Gadag.	
23	Do.	.. 954	12,107	Assistant Engineer, Pakala.	
24	Do.	.. 1646	6,046	Assistant Engineer, Bangalore.	
25	Do.	.. 951	13,366	Assistant Engineer, Belgaum.	
26	Do.	.. 961	17,319	Assistant Signal Engineer, Hubli, and Bridge Engineer.	
OPERATING DEPARTMENT					
27	Do.	.. 965	16,730	District Transportation Superintendent Traffic, Bangalore.	
28	Do.	.. 963	16,436	District Transportation Superintendent Traffic, Guntakal.	
29	Do.	.. 964	14,244	District Transportation Superintendent Traffic, Hubli.	
30	Do.	.. 6153	13,834	District Transportation Superintendent Traffic, Pakala.	
31	Do.	.. 966	16,730	District Transport Superintendent Power, Hubli.	
32	Do.	.. 962	16,436	District Transportation Power, Guntakal.	
33	Do.	.. 836	15,837	District Transportation Power, Bangalore.	
ELECTRICAL DEPARTMENT.					
34	Do.	.. 6151	13,834	District Electrical Engineer, Hubli.	
35	Do.	ERD 811	6,306	Chief Electrician.	
MEDICAL DEPARTMENT.					
36	Do.	ERB 837	15,837	District Medical Officer, Guntakal.	
37	Do.	.. 943	13,726	District Medical Officer, Hubli.	

REPORT OF THE PUBLIC ACCOUNTS COMMITTEE.

Serial No.	Description of saloon.	Individual number of saloon.	Capital cost.	Class of officers entitled to the use of the saloon.
Rs.				
RELIEF CARRIAGES.				
38	Four-wheeled Saloon	ERB 947	13,726	
39	Do.	.. 1405	10,350	
40	Do.	.. 1406*	10,350	
41	Do.	.. 952	13,726	
42	Do.	.. 953	13,726	
43	Do.	.. 955	12,107	
44	Do.	.. 956	16,310	
45	Do.	.. 1644	9,609	
46	Do.	.. 1645	9,600	
47	Do.	.. 8001	15,060	
48	Do.	.. 8004	13,088	
49	Do.	.. 806*	2,937	
Total			7,33,934	

* Replaced carriages.

ROHILKUND AND KUMAON RAILWAY (METRE GAUGE).

Statement showing particulars of saloons reserved exclusively for use of Railway Officers.

Serial No.	Description of saloon.	Individual number of saloon.	Capital cost.	Class of officers entitled to the use of the saloon.	Remarks.
			Rs.		
1	Six-wheeled ..	1	11,545	Deputy Agent.	
2	Do. ..	2	11,242	Traffic Superintendent.	
3	Bogie Carriage ..	3	13,865	Senior Government Inspector.	
4	Four-wheeled carriage.	9	5,500	Assistant Officers.	
5	Six-wheeled carriage.	10	6,764	District Locomotive and Carriage Superintendent.	
6	Four-wheeled carriage.	11	5,335	Assistant Officers.	
7	Do. ..	12	10,502	Assistant Engineer.	
8	Do. ..	19	6,198	Assistant Officers.	
9	Do. ..	71	6,861	Do.	
10	Six-wheeled carriage.	214	7,246	Resident Engineer.	
11	Four-wheeled carriage.	292	4,782	Assistant Engineer.	
	Total ..	..	89,840		

REPORT OF THE PUBLIC ACCOUNTS COMMITTEE.

SOUTH INDIAN RAILWAY (METRE GAUGE).

Statement showing particulars of saloons reserved exclusively for use of Railway Officers.

Serial No.	Description of saloon.	Individual number of saloon.	Capital cost.	Class of officers entitled to the use of the saloon.	Remarks.
			Rs.		
1	Bogie ..	B. I. A.	36,003	Agent.	
2	Do. ..	B. I. C.	36,003	Chief Commercial Superintendent.	
3	Do. ..	B. I. T.	36,008	Chief Transportation Superintendent.	
4	Do. ..	B. I. M.	36,003	Chief Mechanical Engineer.	
5	Do. ..	B. I. E. 1	19,000	Spare under Agent's order.	
6	Do. ..	B. I. E. 2	33,390	Chief Engineer.	
7	Do. ..	B. A.	11,938	Chief Medical Officer.	
8	Do. ..	B. I. 1	11,955	District Engineer.	
9	Do. ..	B. I. 2	11,955	Spare under CTS orders.	
10	Do. ..	B. I. 3	16,618	District Traffic Superintendent.	
11	Do. ..	B. I. 4	16,618	District Engineer.	
12	Do. ..	B. I. 5	12,195	Do.	
13	Do. ..	B. I. 6	12,195	District Mechanical Engineer.	
14	Do. ..	B. I. 7	12,195	District Engineer.	
15	Do. ..	B. I. 8	11,955	District Mechanical Engineer.	
16	Do. ..	B. I. 9	14,074	District Engineer.	
17	Do. ..	B. I. 10	16,481	District Traffic Superintendent.	
18	Do. ..	B. I. 11	12,016	Do.	
19	Do. ..	B. I. 12	18,854	Signal and Telegraph Engineer (Deputy).	
20	Do. ..	B. I. 14	14,074	District Traffic Superintendent.	
21	Do. ..	B. I. 15	16,280	Spare for District Officers for relief purposes.	

Serial No.	Description of saloon.	Individual number of saloon.	Capital cost.	Class of officers entitled to the use of the saloon.	Remarks.
			Rs.		
22	Bogie ..	B. I. G.	18,509	S. G. I. of Railways.	
23	Four-wheeled ..	F. S. 36	4,390	District Engineer	} Replaced Carriage.
24	Do. ..	F. 5	4,792	Assistant Engineer	
25	Do. ..	F. 7	4,792	Do.	
26	Do. ..	F. 9	4,792	Spare.	
27	Do. ..	I. C. 1	1,729	District Engineer.	
28	Do. ..	I. C. 3	3,252	Assistant Engineer.	
29	Do. ..	I. C. 4	5,738	Do.	
30	Do. ..	I. C. 5	5,738	Do.	
31	Do. ..	I. C. 7	5,738	Do.	
32	Do. ..	I. C. 8	5,738	Do.	
33	Do. ..	I. C. 9	5,738	Do.	
34	Do. ..	I. C. 10	5,738	Do.	} Replaced Carriage.
35	Do. ..	I. T. 13	3,467	Do.	
36	Do. ..	I. T. 11	5,115	Do. (Spare).	
	Total ..	..	4,93,071		

JODHPUR STATE RAILWAY (METRE GAUGE).

Statement showing particulars of saloon reserved exclusively for use of Railway Officers.

Serial No.	Description of saloon.	Individual number of saloon.	Capital cost.	Class of officers entitled to the use of the saloon.	Remarks.
			Rs.		
1	Officer's Carriage Bogie.	40	13,009	Chief Engineer.	
2	Do.	41	13,961	Manager and Chief Traffic Manager.	
3	Do.	42	27,672	Locomotive and Carriage Superintendent and Auditor.	
4	Officer's Carriage four-wheeled.	60	8,507	Assistant Auditor.	
5	Do.	61	10,267	Assistant Traffic Superintendent.	
6	Do.	62	6,826	Assistant Engineer.	
7	Do.	63	5,061	Assistant Traffic Superintendent.	
8	Do.	64	5,988	Assistant Engineer.	
9	Do.	65	6,223	Assistant Locomotive Superintendent.	
10	Do.	66	16,423	Executive Engineer.	
11	Do.	67	20,842	District Locomotive Superintendent.	
12	Do.	68	15,873	Assistant Engineer.	
13	Do.	69	16,223	Do.	
14	Do.	70	16,317	Assistant Traffic Superintendent.	
15	Do.	71	16,635	Spare.	
	Total ..	..	1,99,827		

Statement showing particulars of saloons reserved exclusively for use of Railway Officers.

Serial No.	Description of saloon.	Individual number of saloon.	Capital cost.	Class of officers entitled to the use of the saloon.	Remarks.
			Rs.		
BENGAL NAGPUR RAILWAY (NARROW GAUGE).					
1	Bogie	G. C. 28	15,581	Observation carriage.	
2	Do.	G. C. 2	16,972	D. T. S., A. L. C. S., and D. E., N. I. R. and M. C. B.S.P. and Administrative Officers.	
3	Do.	G. C. 3	16,972		
4	Do.	004	13,769		
5	Do.	005	13,769		
6	Do.	006	15,039	District Officers ADA.	
7	Do.	G. C. 1	16,972		
8	Do.	P. R. 10	15,904		
9	Four-wheelers	001326	7,131	Assistant Engineers and Inspectors of Satpura District.	
10	Do.	001327	7,131		
11	Do.	001328	7,131		
12	Do.	001329	7,131		
13	Do.	001330	7,131		
14	Do.	001332	7,131		
15	Do.	001335	7,131		
16	Do.	001336	7,131		
17	Do.	001337	7,131		
18	Do.	001338	7,131		
	Total	..	1,90,288		
GREAT INDIAN PENINSULA RAILWAY (NARROW GAUGE).					
1	Bogie	54	15,286	Transportation Officers, Bhusawal Division and Resident Engineer, Yeotmal.	

Statement showing particulars of saloons reserved exclusively for use of Railway Officers.

Serial No.	Description of saloon.	Individual number of saloon.	Capital cost.	Class of officers entitled to the use of the saloon.	Remarks.
			Rs.		
NORTH-WESTERN RAILWAY (NARROW GAUGE).					
Kangra Valley Section.					
1	Bogie	9	27,829	Administrative Officer, Executive Officers and Assitants.	
2	Do.	16	14,757	Sub-divisional Officer, Palampur.	
Kalabagh Bannu Section.					
3	Bogie	8	14,205	Administrative Officer, Executive Officers and Assitants.	
Kohat Thal Section.					
4	4 wheeled	21	6,323		
Zhob Valley Section.					
5	Bogie	7	12,667	Administrative Officer, Executive Officers and Assitants.	
	Total	..	75,781		
SOUTH INDIAN RAILWAY (NARROW GAUGE).					
1	Bogie	I. C. I.	7,627	All officers.	

Statement showing particulars of saloons maintained by Railways for use of other departments and Provincial Governments.

ASSAM BENGAL RAILWAY (METRE GAUGE).					
1	Reserved bogie saloon.	3748	40,852	H. E. the Governor of Assam.	
2	Reserved first class four-wheeler.	937	14,982*	Superintendent of Railway Police, Assam.	
			55,834		

*Cost borne by Assam Government.

Statement showing particulars of saloons maintained by Railways for use of other departments and Local Governments.

Serial No.	Description of saloon.	Individual number of saloon.	Capital cost.	Class of officers entitled to the use of the saloon.	Remarks.
			Rs.		
BOMBAY, BARODA AND CENTRAL INDIA RAILWAY (METRE GAUGE).					
1	Saloon Bogie ..	1	20,250*	} Viceregal train.	
2	Do. ..	2	20,250*		
3	Staff Car Bogie ..	3	13,055		
4	Do. ..	4	13,055		
5	Dining Car Bogie	5	20,006*		
6	Staff Car Bogie ..	6	20,006*		
7	Kitchen Car Bogie	1571	11,819*		
8	Officers' Carriage Bogie.	17	9,945	Hon'ble the Resident for Rajputana.	
9	Officers' Carriage four-wheeled.	206	9,307	Superintendent of Government Railway Police (Indore).	
10	Do.	22	2,810	Railway Magistrate, Ajmer.	
			1,40,503		
EASTERN BENGAL RAILWAY (METRE GAUGE).					
1	Bogie	1	23,918	} H. E the Governor of Bengal.	Not taken over by railway under new rules.
2	Do.	4	70,154		
3	Six-wheeler ..	2007	12,589	Superintendent, Railway Police, Saidpur.	
			1,06,661		

*These figures do not include cost of additions paid for by Government on which percentage of maintenance is also levied.

Statement showing particulars of saloons maintained by Railways for use of other Departments and Provincial Governments.

Serial No.	Description of saloon.	Individual number of saloon.	Capital cost.	Class of officers entitled to the use of the saloon.	Remarks.
			Rs.		
MADRAS AND SOUTHERN MAHRATTA RAILWAY (METRE GAUGE).					
1	Four-wheeled ..	E. C. E. 6152	13,834	Superintendent of Police, Poona.	Cost borne by Bombay Government.
SOUTH INDIAN RAILWAY (METRE GAUGE).					
1	Bogie ..	B. I. P.	17,654	Superintendent, Government Railway Police.	Capital cost borne by local Government.
BENGAL NAGPUR RAILWAY (BROAD GAUGE).					
1	RA—Bogie ..	1004	34,808	His Excellency the Governor of the C. P. and Berar, Nagpur.	
2	Do.* ..	5316	69,554	His Excellency the Governor of Orissa.	
3	E. R. B. ..	413	24,250	Superintendent, G. R. Police, Raipur.	
	Total ..	..	1,28,612		
BOMBAY, BARODA AND CENTRAL INDIA RAILWAY (BROAD GAUGE).					
1	Six-wheeled ..	11	19,381	Superintendent, Government Railway Police.	
2	Bogie ..	35	28,116	Resident for Central India.	
	Total ..		47,497		

* This is E. I. Railway tourist car temporarily placed at the disposal of H. E. the Governor of Orissa and maintained by B. N. Railway.

Statement showing particulars of saloons maintained by Railways for use of other departments and Provincial Governments.

Serial No.	Description of saloon.	Individual number of saloon.	Capital cost.	Class of officers entitled to the use of the saloon.	Remarks.
			Rs.		
EASTERN BENGAL RAILWAY (BROAD GAUGE).					
1	Bogie ..	1230	1,24,432	H. E. the Governor of Bengal.	Not taken over by Railway under new rules.
2	Bogie ..	1231			
3	Four-wheeler ..	1414	12,836	Superintendent, Government Railway Police.	
	Total ..	..	1,37,268		
EAST INDIAN RAILWAY (BROAD GAUGE).					
1	Bogie reserved ..	4899	20,531	H. E. the Governor of the U. P.	
2	Do. ..	4900	20,531	Do.	
3	Do. ..	1404	3,124	Staff of H. E. the Governor of the U. P.	
4	Do. ..	4966	82,573	H. E. the Governor of Bihar.	
5	Do. ..	4967	78,411	Do.	
6	Do. ..	4918	45,162	G. O. C., Eastern Circle, Lucknow.	
	Total ..	..	2,50,332		
7	Four-wheeler reserved.	1930	11,923	Superintendent, Government Railway Police, Howrah.	
8	Do. ..	1927	11,438	Superintendent, Government Railway Police, Agra.	
9	Do. ..	4880	11,921	Superintendent, Government Railway Police, Lucknow.	
	Total ..	..	35,282		
	Grand Total ..	..	2,85,614		

Statement showing particulars of saloons maintained by Railways for the use of other departments and Provincial Governments.

Serial No.	Description of saloon.	Individual number of saloon.	Capital cost.	Class of officers entitled to the use of the saloon.	Remarks.
			Rs.		
GREAT INDIAN PENINSULA RAILWAY (BROAD GAUGE).					
1	Bogie ..	2489	77,017	H. E. the Governor of Bombay.	
2	Do. ..	2490	58,762	H. E. the Governor of Bombay's dining and sleeping car.	
3	Do. ..	2491	78,550	H. E. the Governor of Bombay (double gauge).	
4	Do. ..	2492	82,372	H. E. the Governor of Bombay, dining car (double gauge).	
5	Do. ..	2488	34,919	G. O. C. Southern Command.	
	Total ..	..	331,162		
6	Four-wheeler ..	2321	27,607	Superintendent, Government Railway Police, Hbd.	
7	Do. ..	2456	13,685	Superintendent, Government Railway Police, Poona.	
	Total ..	..	41,292		
	Grand Total ..	..	3,72,912		
MADRAS AND SOUTHERN MAHRATTA RAILWAY (BROAD GAUGE).					
1	Bogie ..	WCR 1	30,773	H. E. the Governor of Madras.	
2	Do. ..	2	69,138	Do.	
3	Do. ..	CR 3	81,889	H. E. the Governor of Madras, dining saloon.	
	Total ..	..	1,81,800		
4	Six-wheeler ..	ECE 23	33,929	Superintendent, Government Railway Police.	Cost borne by Madras Government.
	Grand Total ..	..	2,15,729		

Statement showing particulars of saloons maintained by Railways for use of other departments and Provincial Governments.

Serial No.	Description of saloon.	Individual number of saloon.	Capital cost.	Class of officers entitled to the use of the saloon.	Remarks.			
			Rs.					
	NORTH-WESTERN RAILWAY (BROAD GAUGE).							
1	Saloon Bogie ..	1	2,95,358	His Excellency the Viceroy's Special.				
2	Do. ..	2						
3	Do. ..	3						
4	Do. ..	4						
5	Do. ..	5						
6	Do. ..	6						
7	Do. ..	7						
8	Do. ..	8						
9	Do. ..	9						
10	Do. ..	10						
11	Do. ..	11	65,150	His Excellency the Governor of the Punjab.				
12	Do. ..	12						
13	Do. ..	13						
14	Do. ..	14						
15	Do. ..	15						
16	Do. ..	16						
17	Do. ..	17						
18	Do. ..	18						
19	Do. ..	19						
20	Do. ..	20						
21	Do. ..	21	1,44,877	His Excellency the Commander-in-Chief.				
22	Do. ..	26						
23	Do. ..	27						
24	Do. ..	28						
25	Do. ..	29						
26	Do. ..	30						
						24,803	His Excellency the Governor of the N. W. F. P.	
			45,916	Agent to Governor-General, Baluchistan.				
			1,44,877	His Excellency the Commander-in-Chief.				
			19,602	G. O. C., Northern Command.				
			53,780	G. O. C., Western Command.				
			26,423	Officers of Defence Department.				
			32,656	Chief of the General Staff.				
			45,071	Members of the Viceroy's Executive Council.				
			3,10,898	Members of the Viceroy's Executive Council.				

Serial No.	Description of saloon.	Individual number of saloon.	Capital cost.	Class of officers entitled to the use of the saloon.	Remarks.
Rs. NORTH-WESTERN RAILWAY (BROAD GAUGE).					
27	Saloon Bogie ..	31	26,521	Resident for Punjab States.	
28	Do. ..	32	28,729	Officers of the Defence Department.	
	Total ..	..	11,19,784		
29	Do. ..	197	27,743	Assistant Inspector General of Railway Police.	
30	Saloon Bogie four-wheeled ..	173	Completion report awaited.	Deputy Superintendent, Railway Police, N. W. F. P.	
31	Do. ..	198	14,198	S. D. O., Government Railway Police.	
	Total ..	..	41,941		
	Grand total ..	..	11,61,725		

APPENDIX VIII.

Possibilities of economy by amalgamation of railways in India.

The Public Accounts Committee, while examining the Accounts of 1934-35, expressed a desire that the Railway Board should examine the possibilities of making a saving in the administration and operation of railways owned by the State by a judicious amalgamation of the various systems on the analogy of the amalgamation carried out in Great Britain about 15 years ago.

2. The Railways of Great Britain have been amalgamated into four great systems. The composition of these four systems is as follows :—

The Great Western Railway.

- (a) Original undertaking ;
- (b) Taff Valley Railway ;
- (c) A few minor administrations.

London, Midland and Scottish.

- (a) London and North Western ;
- (b) Midland ;
- (c) Lancashire and Yorkshire ;
- (d) Caledonian ;
- (e) Glasgow and South-Western ;
- (f) Highland ;
- (g) A considerable number of minor administrations.

London and North-Eastern.

- (a) The Great Northern ;
- (b) North Eastern ;
- (c) Great Eastern ;
- (d) Great Central ;
- (e) North British ;
- (f) Great North of Scotland ;
- (g) A considerable number of minor administrations.

The Southern Railway.

- (a) South-Eastern and Chatham ;
- (b) London, Brighton and South Coast ;
- (c) London and South-Western ;
- (d) A few minor administrations.

It is interesting to note that the route mileage of the railways in Great Britain is very nearly the same as the route mileage of broad-gauge State-owned systems and systems worked by the State in India. Other things being equal, it would appear that, it having been found possible to amalgamate the vast number of railway systems in Great Britain into four administrations there is considerable room for a reduction of the number of railway systems in India. Further, it should not be forgotten that amalgamations have been successfully achieved in the past. For example, the present North-Western Railway system comprised the original Sind-Punjab and Delhi Railway, the Indus Valley State Railway ; the Punjab Northern Railway, the Southern Punjab Railway, the Delhi-Ambala-Kalka Railway, etc. ; the Great Indian Peninsula Railway comprises the old G. I. P. Railway undertaking and the Indian Midland Railway ; the East Indian Railway comprises the old East Indian Railway and the Oudh and Rohilkhand State Railway ; the Madras and Southern Mahratta Railway comprises the Southern Mahratta Railway and part of the old Madras Railway ; the present South Indian Railway comprises the old South Indian Railway and a portion of the Madras Railway. There are other examples but these will suffice to show that the possibilities of amalgamation have not been lost sight of in the past.

3. The question now before us is :—can we further reduce the number of systems and, by so doing, effect a saving in administration and operating expenses ? Attached to this memorandum will be found a map (not printed) showing a scheme for three broad gauge systems, one combined broad gauge

and metre gauge system, and two metre gauge systems, a total of six against the existing ten systems. The mileage of each of these amalgamated systems would be as follows :—

	Route miles.
<i>Broad Gauge—</i>	
North-Western Railway	7,091
East Indian Railway	7,110
Great Indian Peninsula Railway	6,826
Southern Railway	6,137
<i>Metre Gauge—</i>	
Great Eastern Railway	3,078
Great Western Railway	4,437

The mileage of the four systems in Great Britain are as follows :—

	Route miles.
Great Western Railway	3,793
London, Midland and Scottish	6,941
London and North-Eastern	6,901
Southern Railway	2,167

4. When the bill for the amalgamation of the systems in Great Britain was placed before Parliament, many advantages were claimed for the scheme. The main ones may be said to have been as follows :—

- (a) the elimination of uneconomical competition ;
- (b) the consolidation of finances ;
- (c) the pooling of rolling stock and equipment ;
- (d) the co-ordination of workshop and repair facilities ;
- (e) the running of through services on increased distances ;
- (f) the centralisation of the purchase and stores organisation ;
- (g) the unification of financial policy and of managerial control, with all that it stands for, such as standardisation of stock, the co-ordination of policy, the massing of advertisement and superior salesmanship of transportation.

Though there has undoubtedly been a considerable saving by amalgamations in Great Britain, the economies effected have fallen far short of anticipations. In regard to India, a great many of the advantages obtained by amalgamation have been obtained by State Railway ownership and State control, even though certain of the railways are Company-managed, though State-owned. We may examine in detail if the advantages claimed for amalgamation in Great Britain would be obtained in India.

5. *Elimination of uneconomical competition.*—This undoubtedly existed in the past, but now-a-days there is the closest co-operation between State-owned and State-managed Railways and Company-owned and Company-managed Railways. To take an example : two or three years ago, the B. B. and C. I. Railway had an opportunity of diverting a large portion of the G. I. P. Railway cotton traffic to the sea route via Surat. As soon, however,

as it was found out that the B. B. and C. I. Railway rating structure allowed this diversion, despite the fact that the diversion of traffic was greatly to the advantage of the B. B. and C. I. Railway, they adjusted their rates so that the traffic could be retained to the G. I. P. though it was a State-owned and State-managed system. Another example: all goods traffic over the G. I. P. and B. B. and C. I. routes between Bombay and Delhi is pooled. Many other similar examples could be quoted, but these may suffice to indicate the policy of co-ordination in regard to competitive traffic now adopted by the State-owned Railways in India.

6. *Consolidation of finances.*—All earnings may be said to go into a common pool, the Company-managed Railways drawing their share for cost of management and surplus profits, depending on the amount of money invested in the undertakings and in accordance with their contracts with the Secretary of State.

7. *Pooling of rolling stock and running of through services.*—The Broad gauge goods stock of Indian Railways has been pooled for the last 20 years. Roughly 120,000 out of 140,000 broad gauge wagons are in the wagon pool. Amalgamation will not change the position in any way whatsoever. No large saving can be expected on this account except possibly by the reduction of wagon-examining stations which would be brought about by a reduction in the number of junctions between railways. Efforts are being made to get savings in this respect even with the present distribution. Coaching stock is freely interchanged between railways; for example, Bombay, Baroda and Central India stock and North-Western stock run between Bombay and Peshawar; Great Indian Peninsula and Madras and Southern Mahratta Railway stock run between Bombay and Madras; East Indian Railway stock runs between Calcutta and Bombay, etc., etc. A proposal to pool mela stock so that it can be placed at the disposal of different railways when required, is at present under consideration. Amalgamation would not help greatly in this respect. As regards locomotives when one railway has a surplus, this is sent to another railway to avoid purchase of new locomotives. If we take the pooling of locomotives in the other sense, namely, intensive use of power, the distances run on each main line railway are sufficient to get the full advantages of pooling on each individual railway. In Great Britain the longest distances run by one locomotive are between London and Glasgow and London and Edinburgh, in each case a distance of almost exactly 400 miles. In India the same locomotive runs between Igatpuri and Itarsi, a distance of 379 miles. It cannot, therefore, be claimed that amalgamation of railways in India would show great savings in this respect.

8. *Coordination of workshop and repair facilities.*—Let us examine the possibilities of effecting economies on each of the proposed broad gauge systems:

The following are the existing workshops :—

North-Western Railway :—

Moghalpura.

Sukkur.

East Indian Railway :—

Jamalpur.

Lilloah.

Kanchrapara.

Lucknow.

Khargpur.

Ondal (a small shop for wagon repair).

Great Indian Peninsula Railway :—

Parel, G. I. P.

Parel, B. B. and C. I.

Matunga.

Dohad.

Jhansi.

Southern Railway :—

Perambur.

Trichinopoly (Golden Rock).

Hubli.

The amalgamated British railway systems have the following shops :—

Great Western.—

Swindon,

Wolverhampton,

Newport.

London, Midland and Scottish.—

Crewe,

Derby,

Horwich,

Earl's Town,

St. Rollox,

Wolverton,

Inverness.

London and North-Eastern—

Stratford,

Doncaster,

Gateshead,

Cowlairs,

Aberdeen,

Gorton.

Southern.—

Ashford,

Eastleigh.

On a strict mileage basis it would not appear that the number of shops on the proposed new Indian systems would be excessive. But it has to be admitted

that the total rolling stock in Great Britain, locomotives, carriages and wagons, is very greatly in excess of the rolling stock of the railways of India. But against this are the enormous distances which have to be traversed in India. It is quite clear that there could be no reduction on the North-Western Railway : it would be an uneconomic proposition to haul all stock from, say, the Quetta or Karachi Divisions to Lahore for repairs when a shop is in existence at Sukkur. On the new East Indian Railway system it might be possible to close down one shop, say, Kanchrapara. On the Great Indian Peninsula Railway, it might be possible to concentrate carriage repairs at Matunga and wagon repairs at Parel, Bombay, Baroda and Central India for the Bombay, Baroda and Central India and southern divisions of the Great Indian Peninsula. It would, however, probably be necessary to retain Jhansi as a carriage and wagon shop for the northern divisions of the Great Indian Peninsula. The locomotive shops at Jhansi have already closed down and all work is concentrated in Parel. It would probably be necessary to retain Dohad for the Bombay, Baroda and Central India locomotives. It is interesting to note in passing that during the past 20 years the Great Indian Peninsula Railway have closed down the locomotive shops at Bhusaval, Igatpuri, Lonvala, and Jhansi, and the North-Western Railway have closed down Loco. shops at Karachi, Quetta, Multan, Rawalpindi, Kalka and Saharanpur.

9. On the Southern Railway it should be possible to close down Hubli, and concentrate metre gauge repairs at Trichinopoly and broad gauge repairs at Perambur. In assessing the value of the concentration of work at a small number of shops it has to be realised that the main saving is in administration. There will be no saving in cost of material and not a great deal of saving in the cost of labour. Savings can be best effected by concentrating the manufacture of certain articles in one shop, but this is a policy which can be adopted, and endeavours are being made to do so, quite independently of amalgamation. As an example of what has been done, all underframes are manufactured at Tatanagar which is under the administration of the East Indian Railway. Taking everything into consideration, it is not considered safe to allow more than a 5 per cent. saving in workshop costs as a result of amalgamation.

10. *Centralisation of purchase and stores organisation.*—So far as State-managed Railways are concerned, the great volume of stores common to all railways are already purchased through the Indian Stores Department and this policy is being extended year by year. Stores, such as rails, coaching underframes and wagons are purchased through the Railway Board. All coal for State Railways is purchased by the Railway Board and, though the Company-managed Railways make their own purchase, this is done after consultation with the Chief Mining Engineer with the Railway Board and there is the closest co-operation. It is not considered that very great advantages in this respect would come through amalgamation, but a 10 per cent. saving may perhaps be expected in the administration of the Stores Department.

11. *Unification of financial policy.*—In India the financial policy is laid down by the Railway Board. The powers of the company-managed Railways in this respect are very limited. The Railway Board have set up an organisation for standardisation of rolling stock and equipment. Amalgamation will not affect this in any way whatsoever.

12. It, therefore, appears quite clear that Indian Railways cannot expect the same saving as British Railways from amalgamations, and it is considered that, of the savings which can fairly be counted on, are a certain saving in administration, a certain saving in workshops and a certain saving in the stores purchase organisation. The details of savings on the administration side for a scheme as suggested above are as follows :—

					Lakhs.
South Indian	..	..	..	..	6
Bombay, Baroda and Central India	..	..	..	..	7
Bengal Nagpur	..	..	..	..	6
Eastern Bengal	..	..	..	..	4
Bengal and North-Western	..	..	..	..	5
				Total	28
			or say roughly	..	30 lakhs
					per annum
a 5% saving on workshops costs	..	..	..	..	24 lakhs.
a 10% savings on stores staff costs	..	..	..	..	6 lakhs.
				Grand Total	60 lakhs

13. It must not be forgotten, however, that there is no guarantee that amalgamations, having met with success in Great Britain, will meet with the same success in India. The conditions differ very considerably. The railways in Great Britain are concentrated in an area less than the area of the Punjab. The railways of India are spread over a great continent, and the areas which it is proposed to serve by the amalgamated railway systems cover areas considerably in excess of the whole of Great Britain. The longest distance between any railway station and a railway headquarters in Great Britain is 600 miles. No big manufacturing centre is more than 450 miles from the headquarters of a railway. Glasgow the second largest city in Great Britain, is only 6½ hours journey from London. In India a 24 hours' journey is an everyday occurrence. This will indicate that control of large systems in India is considerably more difficult than in Great Britain.

14. The amalgamations proposed would entail an alteration of the whole rating structure of India which would probably mean the sacrifice of some revenue. Then again, there is the question of the different scales of pay on different units of the amalgamated railways. There would be agitation for the co-ordinating of these scales, naturally in the upward direction, which it might be difficult to resist. This would mean an increase in working expenses. The total cost of levelling up wages on the different system would be about Rs. 184 lakhs. It is, of course, not suggested that on amalgamation such a policy should be adopted, but it might be difficult to justify to labour organisations two persons on the same railway doing exactly the same work and with the same length of service drawing different rates of pay. These examples of the difficulties of amalgamation are recorded merely to show that the estimated economies through amalgamation might be largely wiped out as was the case in Great Britain.

15. It is not claimed that this note is an exhaustive examination of the subject of amalgamation. To get a reliable estimate would require a detailed

examination by a committee of officers of the different departments concerned and would be a lengthy procedure.

16. Actually at the moment amalgamation is not a live issue as the Wedgwood Committee point out in their recent Report, paragraphs 197 and 201 of which may be appropriately be quoted here.

"197. *Disadvantage of unwieldy administrations.*—We have considered whether we can in existing conditions make any recommendations as to the amalgamation of railway administrations.

It is clear that at the present time nothing can be done as regards the privately-managed railways. These have their contracts with Government which terminate at the option of Government as follows :—

Railway.	Date of expiry of contract.
Assam Bengal	31st December 1941 or at the end of any succeeding tenth year on 12 months previous notice.
Bombay, Baroda and Central India	31st December 1941 or at the end of any succeeding fifth year, on 12 months previous notice.
Bengal and North-Western ..	31st December 1942, on 12 months previous notice.
Madras and Southern Mahratta ..	31st December 1945, on 12 months previous notice.
South Indian	31st December 1945 or at the end of any succeeding fifth year, on 12 months previous notice.
Bengal Nagpur	31st December 1950 or at the end of any succeeding fifth year, on 12 months previous notice.

When the contracts terminate, but not before, the Government have the option of taking over each of these administrations, and can then consider whether they should combine them with any of the existing State-managed administrations.

"If it should be decided that the proper policy is for the Government in course of time to take over the whole of the railway administrations, we are of opinion that it would still be desirable for them to maintain separate state-managed administrations of reasonable dimensions. If the administrations are unduly extensive, headquarters supervision becomes too remote, and the machine as a whole becomes unwieldy. The *esprit de corps* of such overgrown concerns is weakened and they lose the individuality that comes from direct personal initiative at the top. We think there is also much to be said for preserving a measure of rivalry between different administrations, particularly at one centre. This tends to stimulate efficiency of service and progressive ideas of management.

"Acting on these principles we would suggest that the ultimate grouping might be as follows :—

East Indian Railway	As at present.
Eastern Bengal and Assam Bengal Railways ..	To be combined in one group.
North-Western Railway	As at present.
Great Indian Peninsula Railway	As at present.
Bombay, Baroda and Central India Railway ..	As at present.
Madras and Southern Mahratta and South Indian Railways	To be combined in one group.
Bengal Nagpur Railway	As at present.

If it is proposed to take over the Bengal and North-Western Railway, it would in our opinion be best to maintain its separate organisation as at present.

"201. *Amalgamation of Railway Administrations.*—We consider that no amalgamation of railways is desirable at the present time. Our reason for coming to this conclusion is that no amalgamation at present possible would fall in with the scheme of ultimate grouping already outlined (paragraph 197).

"We have considered in particular the arguments for and against the amalgamation of the Eastern Bengal Railway with the East Indian Railway. This would produce certain superficial economies, but we believe these would be effected at the expense of the proper management and supervision of the enlarged system. The East Indian Railway organisation is already in our opinion fully large enough for the conditions of economic management."

"We have suggested that at a later date the Eastern Bengal Railway could be amalgamated with the Assam Bengal Railway and that the two Railways would constitute a convenient unit for economical management ; but such an amalgamation for obvious reasons is not a possibility at the present time."

APPENDIX IX.

Financial results of the Madras Suburban electrification on the South Indian Railway.

Three statements are attached, giving the financial results for the years 1932-33 to 1936-37 of the Madras Suburban Electrification on the South Indian Railway. Statement A is based on the views of the Consulting Engineers in London of the South Indian Railway. Statement B has been prepared by the Agent, South Indian Railway under certain instructions issued by the Railway Board. Statement C has been prepared by the Agent, South Indian Railway, in consultation with the Statutory Audit Officer who has accepted the statement subject to a certain qualification.

2. The results according to the various statements may be summarised as follows :—

Year.	Train miles (in lakhs).	Percentage of return according to the Ry. Administration's Consulting Engineers.	Percentage of return according to the Agent's statement prepared under Ry. Board's instructions.	Percentage of return tentatively accepted by the Statutory Audit subject to a qualification.
Estimate	Not available	13.00		
1932-33	6.77	8.64	5.79	4.98
1933-34	6.13	7.44	2.41	2.07
1934-35	6.01	10.53	4.23	3.79
1935-36	5.91	7.77	2.31	1.99
1936-37	6.11	8.57	2.73	2.39

3. There are some important points of difference in the bases on which the three statements have been prepared, especially between the statement of the Consulting Engineers and the other two statements. These points are still under discussion between the Railway Board and the Director of Railway Audit.

STATEMENT A.

Particulars.	1932-33.	1933-34.	1934-35.	1935-36.	1936-37.
Traffic in lakhs of train miles (steam)	6.77	6.13	6.01	5.91	6.11
		L a k h s	o f	R u	p e e s.
Gross outlay on electrification	62.69	62.69	62.69	62.69	62.69
If no Electrification, estimated extra steam outlay for increased traffic.	39.01	39.01	39.01	39.01	39.01
Cost of steam stock released because of Electrification.	8.63	8.63	8.63	8.63	8.63
Net outlay on electrification (Item 2—Item 3—Item 4).	15.05	15.05	15.05	15.05	15.05
Cost of steam working—working expenses excluding depreciation.	6.64	6.06	6.08	5.85	5.72
Cost of electrical working—working expenses excluding depreciation.	4.89	4.49	4.00	4.24	3.98
Gross savings in working expenses due to electrification (Item 6—Item 7).	1.75	1.57	2.08	1.61	1.74
Depreciation on gross outlay on electrification at 3 % (Item 2).	1.88	1.88	1.88	1.88	1.88
Depreciation on steam outlay avoided at 3% on Items 3 and 4.	1.43	1.43	1.43	1.43	1.43
Increase in annual depreciation charges due to electrification (Item 9—Item 10).	0.45	0.45	0.45	0.45	0.45
Net savings in working expenses due to electrification (Item 8—Item 11).	1.30	1.12	1.63	1.16	1.29
Percentage of net savings on net outlay.	8.64	7.44	10.83	7.77	8.57

STATEMENT 'B'.

Particulars.	Esti- mate.	Actuals.				1936-37.	
		1932-33.	1933-34.	1934-35.	1935-36.		
1. Traffic in lakhs on train miles (steam)	..	6.77	6.13	6.01	5.91	6.11	
		L a k	h s	o f	R u p e e s.		
2. Gross outlay on electrification ..	47.36	62.69	72.85	73.09	73.57	73.69	
3. If no electrification, estimated extra steam outlay for increased traffic.	31.12	36.57	36.57	36.57	36.57	36.57	
4. Cost of steam stock released because of electrification.	7.21	6.76	6.76	6.76	6.76	6.76	

STATEMENT 'B'—contd.

Particulars.	Estimate.	Actuals.				1936-37.
		1932-33.	1933-34.	1934-35.	1935-36.	
		L a	k h s o	f R u	p e e s.	
5. Net outlay on electrification (Item 2—Item 3—Item 4).	9.03	19.36	29.52	29.76	30.24	30.36
6. Cost of steam working—Working expenses excluding depreciation.	5.77	6.59	6.09	6.15	5.25	5.72
7. Cost of Electrical working—Working expenses excluding depreciation.	4.31	4.89	4.49	4.00	4.24	3.98
8. Gross savings in working expenses due to electrification (Item 6—item 7).	1.46	1.70	1.60	2.15	1.61	1.74
9. Depreciation on gross outlay on electrification at 3% (Item 2).	1.42	1.88	2.19	2.19	2.21	2.21
10. Depreciation on steam outlay avoided at 3 % on Items 3 and 4.	1.15	1.30	1.30	1.30	1.30	1.30
11. Increase in annual depreciation charges due to electrification (Item 9. Item 10).	0.27	0.58	0.89	0.89	0.91	0.91
12. Net savings in working expenses due to electrification (Item 8—Item 11).	1.19	1.12	0.71	1.26	0.70	0.88
13. Percentage of gross savings without allowing for depreciation on gross outlay (Item 8 × 100/Item 2).	Per-centage. 3.08	Per-centage. 2.71	Per-centage. 2.20	Per-centage. 2.94	Per-centage. 2.19	Per-centage. 2.36
13A. Percentage of gross savings (after allowing for depreciation on electric outlay) on gross outlay (Item 8—9×100/Item 2).	0.08	—0.29	—0.81	—0.05	—0.82	—0.64
14. Percentage of gross savings on net outlay (Item 8×100/Item 5).	16.17	8.78	5.42	7.22	5.32	5.78
15. Percentage of net savings (after allowing for depreciation) on gross outlay (Item 12×100/Item 2).	2.51	1.79	0.97	1.72	0.95	1.18
16. Percentage of net savings (after allowing for depreciation) on net outlay (Item 12×100/Item 5).	13.18	5.79	2.41	4.23	2.31	2.73

STATEMENT "C".

1. Traffic in lakhs of train miles (steam)	..	6.77	6.13	6.01	5.91	6.11
		L a k h s	o f	R u	p e e s.	
2. Gross outlay on electrification	47.36	62.69	72.85	73.09	73.57	73.69
3. If no electrification, estimated extra steam outlay for increased traffic.	31.12	36.57	36.57	36.57	36.57	36.57
4. Cost of steam stock released because of electrification.	7.21	6.76	6.76	6.76	6.76	6.76
5. Net outlay on electrification (Item 2—Item 3—Item 4).	9.03	21.27	31.43	31.67	32.15	32.27
6. Cost of steam working—Working expenses excluding depreciation.	5.77	6.59	6.09	6.15	5.85	5.72

STATEMENT 'C'—*contd.*

Particulars.	Estimate.	Actuals.				1936-37.
		1932-33.	1933-34.	1934-35.	1935-36.	
7. Cost of electrical working—Working expenses excluding depreciation.	4.31	4.89	4.40	4.00	4.24	3.98
8. Gross savings in working expenses due to electrification (Item 6—Item 7).	1.48	1.70	1.60	2.15	1.61	1.74
9. Depreciation on gross outlay on electrification at 3% (Item 2).	1.42	1.88	2.19	2.19	2.21	2.21
10. Depreciation on steam outlay avoided at 3% on Items 3 and 4.	1.15	1.24	1.24	1.24	1.24	1.24
11. Increase in annual depreciation charges due to electrification (Item 9—Item 10).	0.27	0.64	0.95	0.95	0.97	0.97
12. Net savings in working expenses due to electrification (Item 8—Item 11).	1.19 Per-centage.	1.06 Per-centage.	0.65 Per-centage.	1.20 Per-centage.	0.64 Per-centage.	0.77 Per-centage.
13. Percentage of gross savings without allowing for depreciation on gross outlay (Item 8×100/Item 2).	3.08	2.71	2.20	2.94	2.19	2.36
13A. Percentage of gross savings (after allowing for depreciation on electric outlay) on gross outlay (Item 8—9×100/Item 2).	0.08	—0.29	—0.81	—0.06	—0.82	—0.64
14. Percentage of gross savings on net outlay (Item 8×100/Item 5).	16.17	7.99	5.09	6.79	5.01	5.39
15. Percentage of net savings (after allowing for depreciation) on gross outlay (Item 12×100/Item 2).	2.51	1.69	0.89	1.64	0.87	1.04
16. Percentage of net savings (after allowing for depreciation) on net outlay (Item 12×100/Item 5).	13.18	4.98	2.07	3.79	1.99	2.39

APPENDIX X.

Financial results of the electrification of Railways in Bombay.

The attached statements which have been prepared in consultation between the Railway Administration and the Statutory Auditor concerned show the financial results of the electrifications scheme on the Great Indian Peninsula and Bombay, Baroda and Central India Railways for the years 1930-31 to 1936-37. These have been prepared on the same basis as the statements which were placed before the Public Accounts Committee in previous years. The figures for the Great Indian Peninsula Railway show the result of all the schemes in a consolidated form as they are interdependent. Those for the B. B. and C. I. Railway exclude the figures for 'Borivli-Virar' extension as this was opened for traffic only from September 1936.

2. The figures for the two railways are summarised below:—

	Great Indian Peninsula.		Bombay, Baroda & Central India.	
	Traffic in train miles.	Percentage of net savings on net outlay.	Traffic in train miles.	Percentage of net savings on net outlay.
	Lakhs.		Lakhs.	
Estimate ..	55.40	10.51	16.60	16.93
1930-31 ..	42.50	4.80	14.28	10.35
1931-32 ..	41.87	5.37	13.43	10.90
1932-33 ..	31.21	5.23	12.56	11.62
1933-34 ..	41.85	4.90	14.00	13.43
1934-35 ..	41.80	4.42	14.07	15.54
1935-36 ..	42.37	4.86	14.31	16.63
1936-37 ..	42.65	5.33	14.64	18.95

3. The more favourable results obtained on the Bombay, Baroda and Central India Railway, as compared with the results on the Great Indian Peninsula Railway, are partly due to the fact that the gross capital expenditure in the former case has been reduced to a much larger extent proportionately by the credit for the steam stock released, and partly to the fact that only the suburban section of the B. B. and C. I. Railway has been electrified.

4. The percentages given above have been worked out after taking the net outlay as equivalent to the gross outlay reduced by the cost of steam stock released because of the electrification and also by the extra outlay that would have been required for increasing traffic if no electrification had been carried out. This last is, as pointed out in the previous memorandum, problematical. Increased traffic has not materialised to the extent anticipated, and it is possible that some part of the estimated saving should be neglected. If the whole of it is neglected, the percentages will be as follows:—

	Great Indian Peninsula.	Bombay, Baroda and Central India.
1930-31	3.12%	3.18%
1931-32	3.58%	3.46%
1932-33	3.49%	3.77%
1933-34	3.24%	4.61%
1934-35	2.87%	5.58%
1935-36	3.20%	6.10%
1936-37	3.58%	7.34%

5. As was pointed out last year, the real percentage of net savings for each railway probably lies between the figures in paragraphs 2 and 4 and, in all probability, nearer the former than the latter. In both cases it is reasonably certain that extra outlay would have been necessary in any case even if electrification had not been introduced, in order to improve the capacity of

the line, though it is not now possible to state with any degree of accuracy the number of additional steam locomotives which it would have been necessary to purchase immediately. In the case of the Bombay, Baroda and Central India Railway, for example, it would have been necessary in the absence of electrification to quadruple the line and the cost of this would have been so high as to be prohibitive. It has been estimated that, though the additional expenditure for additional steam stock would not all have been spent at once and some portion of it could have been deferred until the full increase in traffic was in sight, land for additional track facilities required for steam working would certainly have been required at once and the cost would not have been less than a crore of immediate expenditure and might have been considerably more. There would also have been a considerable expenditure necessary on the renewal of the existing stock. The estimate, therefore, of expenditure avoided by electrification is more likely to be an under than an over estimate.

Financial results of Suburban Electrification of the Bombay, Baroda and Central India Railway.

No.	Particulars.	Estimate.	Actuals 1930-31.	Actuals 1931-32.	Actuals 1932-33.	Actuals 1933-34.	Actuals 1934-35.	Actuals 1935-36.	Actuals 1936-37.
1	Traffic in lakhs of train miles (steam) ..	16.60	14.28	13.43	12.56	14.00	14.97	14.31	14.64
2	Gross outlay on electrification ..	204.28	202.90	202.90	202.90	202.90	202.90	202.90	202.90
3	If no electrification, estimated extra steam outlay for increased traffic.	72.00	72.00	72.00	72.00	72.00	72.00	72.00	72.00
4	Cost of steam stock released because of electrification.	50.00	68.79	68.79	68.79	68.79	68.79	68.79	68.79
5	Net outlay on electrification (Item 2—Item 3—Item 4).	82.28	62.11	62.11	62.11	62.11	62.11	62.11	62.11
6	Cost of steam working—working expenses excluding depreciation.	37.55	29.35	27.59	25.62	28.78	28.92	29.42	30.09
7	Cost of electrical working—working expenses excluding depreciation.	21.16	21.05	18.91	16.73	18.57	17.40	17.22	16.45
8	Gross savings in working expenses due to electrification (Item 6—Item 7).	16.39	8.30	8.66	9.09	10.21	11.52	12.20	13.64
9	Depreciation on gross outlay on electrification at 3 per cent. (Item 2).	6.12	6.09	6.09	6.09	6.09	6.09	6.09	6.09
10	Depreciation on steam outlay avoided at 3 per cent. on items 3 and 4.	3.66	4.22	4.22	4.22	4.22	4.22	4.22	4.22
11	Increase in annual depreciation charges due to electrification (Item 9—Item 10).	2.46	1.87	1.87	1.87	1.87	1.87	1.87	1.87
12	Net savings in working expenses due to electrification (Item 8—Item 11).	13.93	6.43	6.81	7.22	9.34	9.65	10.33	11.77

No.	Particulars.	Estimate.	Actuals 1930-31.	Actuals 1931-32.	Actuals 1932-33.	Actuals 1933-34.	Actuals 1934-35.	Actuals 1935-36.	Actuals 1936-37.
13	Percentage of gross savings without allowing for depreciation on gross outlay ($\frac{\text{Item 8} \times 100}{\text{Item 2}}$)	8.02	4.09	4.28	4.48	5.03	5.98	6.01	6.72
13-A	Percentage of gross savings (after allowing for depreciation on electrical outlay) on gross outlay— ($\frac{\text{Item 8} - 9 \times 100}{\text{Item 2}}$)	5.03	1.09	1.28	1.48	2.03	2.68	3.01	3.72
14	Percentage of gross savings on net outlay— ($\frac{\text{Item 8} \times 100}{\text{Item 5}}$)	19.92	13.36	13.97	14.63	16.44	18.55	19.64	21.96
15	Percentage of net savings (after allowing for depreciation) on gross outlay— ($\frac{\text{Item 12} \times 100}{\text{Item 2}}$)	6.82	3.17	3.36	3.56	4.11	4.76	5.09	5.90
16	Percentage of net savings (after allowing for depreciation) on net outlay— ($\frac{\text{Item 12} \times 100}{\text{Item 5}}$)	16.93	10.35	10.96	11.62	13.43	15.54	16.63	18.96
17	Percentage of net savings (after allowing for depreciation) on actual gross outlay (of 202.90) with traffic of 16.60 lakhs train miles.	6.86	3.68	4.16	4.70	4.87	5.62	5.90	6.58

STATEMENT 'A'.

Financial Results of the Great Indian Peninsula Railway Electrification Schemes.

Particulars.	1	1930-31.	1931-32.	1932-33.	1933-34.	1934-35.	1935-36.	1936-37.
	Estimate all Sections electrified Total Estimated.	2	3	4	5	6	7	8
Traffic in lakhs of train miles (steam)	55.40	42.60	41.67	41.21	41.85	41.80	42.37	43.65
Gross outlay on electrification	960.90	942.65	953.93	959.72	959.78	959.20	959.53	959.71
If no electrification estimated extra steam outlay for increased traffic.	175.93	175.93	175.93	175.93	175.93	175.93	175.93	175.93
Cost of steam stock released because of electrification ..	254.71	172.98	172.98	172.98	172.98	172.98	172.98	172.98
Net outlay on electrification (Item 2—Item 4) ..	520.26	593.74	605.02	610.81	610.87	610.20	610.62	610.80
Cost of steam working, i.e., working expense excluding depreciation.	158.54	118.38	114.65	112.85	114.60	114.46	116.02	116.79
Cost of electrical working, i.e., working expenses excluding depreciation.	87.62	72.85	66.83	65.08	68.81	71.67	70.51	68.41
Gross savings in working expenses due to electrification (Item 6—Item 7).	71.02	43.63	47.62	47.77	45.79	43.79	45.61	46.88
Depreciation on gross outlay on electrification	27.20	23.92	24.12	24.66	24.67	24.65	24.66	24.66
Depreciation on steam outlay avoided	10.88	8.81	8.81	8.81	8.81	8.81	8.81	8.81
Increase in annual depreciation due to electrification (Item 9—Item 10).	16.22	15.01	16.31	15.85	15.86	15.84	15.85	15.85
Net savings in working expenses due to electrification (Item 8—Item 11).	54.70	28.52	32.51	31.92	29.93	26.95	29.66	32.53

Particulars	1	2	1930-31.	1931-32.	1932-33.	1933-34.	1934-35.	1935-36.	1936-37.
		Estimate all Sections electrified Total Estimated.							
		2	3	4	5	6	7	8	9
Percentage of gross savings on gross outlay— ($\frac{\text{Item 8} \times 100}{\text{Item 2}}$)		7.47	4.63	5.01	4.98	4.77	4.46	4.74	5.04
Percentage of gross savings including depreciation on electrical assets only— ($\frac{\text{Item 3} - 9 \times 100}{\text{Item 2}}$)		4.61	2.09	2.48	2.41	2.20	1.89	2.17	2.47
Percentage of gross savings on net outlay— ($\frac{\text{Item 8} \times 100}{\text{Item 5}}$)		13.65	7.33	7.90	7.82	7.50	7.01	7.45	7.92
Percentage of net savings on gross outlay— ($\frac{\text{Item 12} \times 100}{\text{Item 2}}$)		5.75	3.03	3.41	3.33	3.12	2.81	3.09	3.39
Percentage of net savings on net outlay— ($\frac{\text{Item 12} \times 100}{\text{Item 5}}$)		10.51	4.80	5.37	5.23	4.90	4.42	4.86	5.33

APPENDIX XI.

Measures taken to encourage third class passenger traffic.

The Chief Commissioner, Railways, during the course of the discussion at the Public Accounts Committee meeting held on the 28th July 1936, agreed to consider the question of making some experiments, particularly by reduction in fares, with a view to developing third class traffic.

2. Railways do in fact recognise the importance of offering additional inducement to passengers by the grant of special facilities and low fares to stimulate traffic. Brief particulars of a few endeavours on the part of Railways in this direction during the last year are as follows :—

- (i) During the Kurukshetra Solar Eclipse Fare improved arrangements were made for handling the traffic, costing approximately Rs. 69,000. Thirty-two special trains were run to Kurukshetra and forty-nine from Kurukshetra to various stations on the North Western Railway. The Agent mentioned that the profits in this case were more than wiped out by the cost of temporary arrangements which were necessitated for the convenience of passengers.
- (ii) On the occasion of the United Provinces Industrial and Agricultural Exhibition held at Lucknow during December—February last, the East Indian Railway took the following measures—
 - (a) In co-operation with the exhibition authorities they introduced Rail-cum-Exhibition tickets for third class passengers. Under this arrangement week-end tickets, which are ordinarily issued on Fridays and Saturdays, were issued during the Exhibition period on every day of the week, available for the return journey from the date of issue up to midnight of the 7th day. Third class passengers could buy supplementary tickets at half rates entitling them to admission to the Exhibition grounds.
 - (b) A siding designated "Lucknow Industrial Area Exhibition Siding" was provided to serve the Exhibition grounds.
 - (c) Special trains were run from certain centres to Lucknow and back. 110 special trains were run between Cawnpore and Lucknow.
 - (d) A Booking Office and Information Bureau was opened in the Railway Pavilion situated in the Exhibition grounds.
 - (e) In co-operation with the Exhibition authorities railway fares were further reduced from certain important centres, e.g., Benares Cantonment, Rai Barely, Allahabad, Cawnpore, etc., as follows :—

Section	Ordinary weekend fares.	Reduced fares.
	Rs. A.	Rs. A.
Benares to Lucknow and back	3 15	3 7
Rai Barely to Lucknow and back	1 3	0 15
Allahabad to Lucknow and back	2 13	2 7
Cawnpore to Lucknow and back	1 1	0 14

- (iii) In connection with the recent Sri Ram Birthday Centenary celebrations in Calcutta in February and March, special concessions in fares were introduced both by the E. B. and E. I. Railways.
- (iv) In connection with the recent Jamboree on the 30th January 1937 a boy scouts special train was successfully organised and run from Howrah to Delhi calling at the Lucknow Exhibition on the outward trip and at Agra on the return journey. The special train carried 800 boy scouts and yielded a return of 3.84 rupees per train mile : special catering arrangements were made by the Railway for the party.
- (v) During the recent Coronation celebrations, four excursion specials were run from Burdwan in order to afford residents in the suburban areas an opportunity of witnessing the flood lighting and illuminations in Calcutta.
- (vi) A new special weekend second and third class express service known as the "Flying Rani" has been inaugurated by the Bombay, Baroda and Central India Railway to carry Bombay citizens to and from the seaside resort of Surat. The third class return fare is only Rs. 3-13-0 as against the ordinary normal 3rd class fare by Mail or Express of Rs. 3-8-0 for the single journey. As adding further to its popularity, special tickets have been issued to ladies since May 1929, enabling them to travel at single fares for the return journey, instead of paying the normal 1-1/3 fare for this weekend train.
- The journey is booked to be covered in four hours which, making allowance for the stoppages, would be equal to a non-stop speed of 54½ miles per hour.
- (vii) During the last Christmas and Easter Holidays the Great Indian Peninsula, Madras and Southern Mahratta and South Indian Railways issued 'Travel as you like' and 'Zone' tickets for third class passengers at reduced lumpsum fares, available for unlimited travel over the whole railway, or the zone, as the case may be, for a period of 15 days from the date of issue as detailed below.

3. *Great Indian Peninsula Railway.* (i) *Third Class Zone Tickets.*—For this purpose the Great Indian Peninsula Railway system (excluding narrow gauge sections) was divided into four zones each covering a mileage ranging between 910 and 990 miles. For travel over each zone the fare was Rs. 7-8-0 per head for adults and Rs. 4 for children as against about Rs. 15 which is the ordinary fare for the journey for the average entire mileage covered by each zone.

(ii) *Third Class Travel As You Like Tickets.*—These tickets were available over the whole railway (except narrow gauge sections) at Rs. 27-8-0 per head for adults and Rs. 15 for children.

4. *Madras and Southern Mahratta Railway.* (i) *Zone Tickets.*—The Madras and Southern Mahratta Railway system was divided into three sections, the total mileage of each of these being 1020, 938 and 972 miles.

The fare charged for each zone was Rs. 10 per head for adults and Rs. 5 for children, the single journey third class fare for an average of 990 miles being Rs. 18/13 by mail and Rs. 14/1 by ordinary train.

(ii) *Travel As You Like Tickets.*—These tickets were available over the whole Railway at Rs. 12-8-0 per head for adults and 6-4-0 for children.

5. *South Indian Railway. Third Class Travel As You Like Tickets.*—These tickets were available over the whole Railway at Rs. 12-8-0 per head for adults and Rs. 6-4-0 for children.

6. With a view to making an intensified effort in the matter dealt with in this note, the Board held a meeting of the Commercial Officers of State-managed Railways in January last, and the Railways were then instructed to examine the question of experimenting on their own systems and jointly in consultation with each other the possibility of running special trains for special occasions at experimental low fares. Considerable care had to be exercised in selecting suitable occasions which would ensure that the running of special trains at lower fares would not involve loss of revenue on ordinary traffic. If Railways can be assured that the special low fares would secure them new traffic, they would be prepared to consider the running of special trains at a low fare of one pie per mile per passenger in each direction.

APPENDIX XII.

Number of free railway passes.

At the meeting of the Public Accounts Committee held on the 21st July, 1936, information was desired about the total number of free railway passes issued in a year.

2. In 1933, such information was obtained in respect to the Class I Railways for the financial year 1932-33. This is tabulated below :—

	I Class.	II Class.	Inter Class.	III Class.
Number of passes	16,653	1,39,405	3,59,063	9,52,050

APPENDIX XIII.

Summary of the approximate financial results of Indian State-owned Railways in 1936-37.

Approximate figures of Railway Revenue and Expenditure for 1936-37 which are now available show a surplus of about 1.20 lakhs which is nearly 1.05 lakhs more than the Revised Estimates made in February last and is better by about 5½ crores than the actuals for 1935-36.

Railway Revenues have been steadily improving since the beginning of the year 1936-37. The sign of improvement was evident in the last five or six weeks of the year 1935-36.

Gross Traffic Receipts of State-owned Railways for 1936-37 amounted to about 95½ crores or 4½ crores more than the previous year.

Ordinary working expenses (excluding depreciation) amounted to about 50½ crores or about 2/3rds of a crore less than in the previous year. The amount set apart for depreciation being 13·15 crores, was 10 lakhs less than in the previous year.

Net traffic receipts amounted to 32·10 crores or about 5½ crores more than in 1935-36.

Miscellaneous transactions resulted in a net expenditure of 9 lakhs against a net receipt of 88 lakhs in the previous year. This was mainly due to the treatment of credits for released materials as reduction of expenditure from the Depreciation Fund in 1936-37. In the previous year these were treated as miscellaneous receipts. The amount involved is 1·10 crores in 1935-36, and 1·09 crores in 1936-37.

The net revenue available for meeting interest charges was 32·01 crores or 4½ crores more than in 1935-36.

The total interest payable was 30·81 crores as against 31·39 crores in 1935-36, i.e., nearly half a crore less.

There was a surplus of about 1½ crores during 1936-37 as against a deficit of nearly 4 crores in 1935-36. But for the change in accounting procedure of credits for released materials on account of which there has been a reduction in miscellaneous receipts to the extent of a crore the surplus as compared with the figures for 1935-36 would have been a little over 2½ crores.

The appropriation to depreciation fund was 13·15 crores and the amount withdrawn for renewals amounted to 7·88 crores (net including 1·09 crores for credits for released materials). The net accretion to the fund during the year was 5½ crores. This amount together with the surplus of about 1½ crores mentioned above increased the balances of the fund by 6½ crores.

The actual balance at credit of the fund now stands at 16 crores, and the nominal balance at about 46½ crores.

The total capital expenditure was just above 1/4th of a crore. The store balances have been reduced to 9½ crores from 9½ crores at the end of 1935-36.

At the end of 1936-37, the liabilities of Railways amounted to 61 crores of which 30½ crores represent loans from depreciation fund and 30½ crores unpaid contributions due to general revenues from 1931-32 to 1936-37.

The ratio of ordinary working expenses to gross traffic receipts was 52½%.

The ratio of total working expenses (including depreciation fund) was 66%.

These ratios are lower than those in the previous year.

The ratio of net revenue to the capital at charge was 4·06% against 3·47% in the previous year.

Taking all Class I Railways together goods earnings in 1936-37 were nearly 5 crores higher than in 1935-36. The increase was in all the main commodities, viz., rice, grams, pulses, oil seeds, jutes, cotton, etc., on almost all

railways except Bengal Nagpur Railway, where there was a fall in goods earnings of 20 lakhs from manganese and iron ores owing to strike.

There was also an increase of more than ½ crore under miscellaneous earnings.

This increase was partly set off by a decrease of about 12 lakhs in coaching earnings owing chiefly to the strike on the Bengal Nagpur Railway.

	1935-36.	In crores.	
		1936-37.	
		Revised estimates.	Latest approx. actuals.
Gross traffic receipts	90·65	95·00	95·48
Ordinary operating expenses	50·87	50·75	50·23
Depreciation	13·25	13·15	13·15
Net traffic receipts	26·53	31·10	32·10
Net miscellaneous receipts	·87*	—·12	—·09
Total net revenue	27·40	30·98	32·01
Interest	31·39	30·83	30·81
Deficit (—) Surplus (+)	—3·99	+·15	+1·20

* Including 1·10 as miscellaneous receipts on account of credits for released materials.

Mr. S. Satyamurti (Madras City : Non-Muhammadan Urban) : Sir, may I know when copies will be available for Honourable Members ?

The Honourable Sir James Grigg : I cannot answer that off-hand. The copies will be in the hands of Honourable Members as soon as possible.

Mr. S. Satyamurti : Sir, we should have it as soon as possible as on Friday next will come on the discussion of the Railway Enquiry Committee's Report.

The Honourable Sir James Grigg : I undertake that they will be available before that.

THE INDIAN COMPANIES (AMENDMENT) BILL.

The Honourable Sir Nripendra Sircar (Law Member) : Sir, I beg to move for leave to introduce a Bill further to amend the Indian Companies Act, 1913, for certain purposes.

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

“ That leave be granted to introduce a Bill further to amend the Indian Companies Act, 1913, for certain purposes.”

The motion was adopted.

The Honourable Sir Nripendra Sircar : Sir, I introduce the Bill.

THE RULES AND REGULATIONS CONTINUANCE BILL.

The Honourable Sir Thomas Stewart (Member for Industries and Labour) : Sir, I beg to move for leave to introduce a Bill to provide for the continuance in force of certain rules and regulations.

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

“ That leave be granted to introduce a Bill to provide for the continuance in force of certain rules and regulations.”

The motion was adopted.

The Honourable Sir Thomas Stewart : Sir, I introduce the Bill.

THE FEDERAL COURT BILL.

Mr. R. F. Mudie (Government of India : Nominated Official) : Sir, I beg to move for leave to introduce a Bill to empower the Federal Court to make rules for regulating the service of processes issued by the Court.

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

“ That leave be granted to introduce a Bill to empower the Federal Court to make rules for regulating the service of processes issued by the Court.”

The motion was adopted.

Mr. R. F. Mudie : Sir, I introduce the Bill.

THE PETROLEUM (BERAR EXTENSION) BILL.

The Honourable Sir Thomas Stewart (Member for Industries and Labour) : Sir, I beg to move for leave to introduce a Bill to extend the Petroleum Act, 1934, to Berar.

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

“ That leave be granted to introduce a Bill to extend the Petroleum Act, 1934, to Berar.”

The motion was adopted.

The Honourable Sir Thomas Stewart : Sir, I introduce the Bill.

THE INDIAN RAILWAYS (AMENDMENT) BILL.

The Honourable Sir Saiyid Sultan Ahmad (Member for Commerce and Railways) : Sir, I beg to move for leave to introduce a Bill further to amend the Indian Railways Act, 1890, for a certain purpose.

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

“ That leave be granted to introduce a Bill further to amend the Indian Railways Act, 1890, for a certain purpose.”

The motion was adopted.

The Honourable Sir Saiyid Sultan Ahmad : Sir, I introduce the Bill.

THE IMPORT OF DRUGS BILL.

Mr. M. S. A. Hydari (Secretary, Department of Education, Health and Lands) : Sir, I beg to move for leave to introduce a Bill to regulate the import into British India of drugs and medicines.

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

“ That leave be granted to introduce a Bill to regulate the import into British India of drugs and medicines.”

The motion was adopted.

Mr. M. S. A. Hydari : Sir, I introduce the Bill.

THE WORKMEN'S COMPENSATION (AMENDMENT) BILL.

The Honourable Sir Thomas Stewart (Member for Industries and Labour) : Sir, I beg to move for leave to introduce a Bill further to amend the Workmen's Compensation Act, 1923, for certain purposes.

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

“ That leave be granted to introduce a Bill further to amend the Workmen's Compensation Act, 1923, for certain purposes.”

The motion was adopted.

The Honourable Sir Thomas Stewart : Sir, I introduce the Bill.

THE INDIAN NATURALIZATION (AMENDMENT) BILL.

Mr. R. F. Mudie (Government of India : Nominated Official) : Sir, I beg to move for leave to introduce a Bill further to amend the Indian Naturalization Act, 1926, for a certain purpose.

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

“ That leave be granted to introduce a Bill further to amend the Indian Naturalization Act, 1926, for a certain purpose.”

The motion was adopted.

Mr. R. F. Mudie : Sir, I introduce the Bill.

THE MANOEUVRES FIELD FIRING AND ARTILLERY PRACTICE BILL.

Mr. C. M. G. Ogilvie (Defence Secretary) : Sir, I beg to move that Sardar Bahadur Captain Dalpat Singh, Khan Sahib Shaikh Fazl-i-Hahi, Mr. F. E. James and myself be appointed to the Select Committee on the Bill to provide facilities for military manoeuvres and for field firing and artillery practice in place of Captain Rao Bahadur Chaudhri Lal Chand, Mr. J. F. Sale, Mr. C. H. Witherington and Sir Richard Tottenham who have ceased to be Members of the Assembly.

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

"That Sardar Bahadur Captain Dalpat Singh, Khan Sahib Shaikh Fazl-i-Ilahi, Mr. F. E. James and Mr. C. M. G. Ogilvie be appointed to the Select Committee on the Bill to provide facilities for military manœuvres and for field firing and artillery practice in place of Captain Rao Bahadur Chaudhri Lal Chand, Mr. J. F. Sale, Mr. C. H. Witherington and Sir Richard Tottenham who have ceased to be Members of the Assembly."

The motion was adopted.

ELECTION OF A MEMBER TO THE INDIAN RESEARCH FUND ASSOCIATION.

Mr. M. S. A. Hydari (Secretary, Department of Education, Health and Lands) : Sir, I beg to move :

"That this Assembly do proceed to elect, in such manner as the Honourable the President may direct, one Member to sit on the Governing Body of the Indian Research Fund Association, vice Dr. N. B. Khare, who has ceased to be a Member of the Assembly."

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

"That this Assembly do proceed to elect, in such manner as the Honourable the President may direct, one Member to sit on the Governing Body of the Indian Research Fund Association, vice Dr. N. B. Khare, who has ceased to be a Member of the Assembly."

The motion was adopted.

Mr. President (The Honourable Sir Abdur Rahim) : I have to inform Honourable Members that for the purpose of election of a Member to the Governing Body of the Indian Research Fund Association the Notice Office will be open to receive nominations upto 12 noon on Thursday, the 26th August, 1937, and that the election, if necessary, will be held on Monday, the 30th August. The election which will be conducted in accordance with the principle of proportional representation by means of the single transferable vote will, as usual, be held in the Secretary's Room between the hours of 10-30 A.M. and 1 P.M.

The Assembly then adjourned for Lunch till Thirty-Five Minutes Past Two of the Clock.

The Assembly re-assembled after Lunch at Thirty-Five Minutes Past Two of the Clock, **Mr. President** (The Honourable Sir Abdur Rahim) in the Chair.

RESOLUTION RE. AMENDMENTS TO THE INDIAN LEGISLATIVE RULES.

The Honourable Sir Nripendra Sircar (Leader of the House) : Sir, I beg to move :

"That this Assembly recommends to the Governor General in Council that the following amendments be made in the Indian Legislative Rules, namely :

(1) To rule 6 the following proviso shall be added, namely :

'Provided that where the President has given his consent to the moving of a motion for the purpose of discussing a question of privilege, the Governor General in Council shall, unless the motion is prohibited under

RESOLUTION RE. AMENDMENTS TO THE INDIAN LEGISLATIVE RULES. 369

the operation of sub-rule (2) of rule 12A or is disallowed by the Governor General under sub-rule (4) of rule 12A, as soon as may be, allot for the discussion of such motion so much time on a day or days not allotted for the business of non-official members as may appear to him to be sufficient, and such motion shall be open to discussion within the time so allotted but at no other time.'

(2) After rule 12 the following rule shall be inserted, namely :

'12A. (1) Subject to the provisions of sub-rules (2), (3) and (4) a motion for the purpose of discussing a question of privilege may be moved with the consent of the President.

(2) No such motion shall be moved if it concerns a matter on which a Resolution could not be moved and no such motion shall be moved save with the consent of the Governor General in his discretion if it concerns a matter on which a Resolution could not save with such consent be moved.

(3) The decision of the Governor General in his discretion on the point whether any such motion is or is not within the restrictions imposed by sub-rule (2) of rule 23 shall be final.

(4) The Governor General may at any time notwithstanding the consent of the President or before such consent has been given disallow any such motion or any part of such motion on the ground that it cannot be moved without detriment to the public interest, and if he does so no further discussion of the motion or part thereof as the case may be shall take place.'

I may remind Honourable Members—and there are some who were not in this Assembly in February—that on a previous occasion the question of the privilege was raised by my Honourable friend, Sardar Sant Singh. He wanted to discuss the question on the merits and I do not propose to go into the details. Certain difficulties were pointed out by me as regards the rules which stood in the way of my Honourable friend following the procedure which is followed in the House of Commons, namely, of bringing up a privilege motion for discussing the breach of privilege in the House at any time and so on. Those matters were very carefully considered by our President and he gave a ruling on the 27th February which, again is not material now except for one purpose, namely, showing the origin of this Resolution. What the President said was :

"The Assembly and the Government may perhaps consider whether the Rules and Standing Orders, especially rules 12A and 6, should not be suitably amended so that such difficulties as exist at present and have been emphasised by the Honourable the Law Member in the way of raising a question of privilege may be removed."

It is because our rules did not permit of a privilege motion to be brought up even with the consent of the President that this hint was given by the President and it is in pursuance of that that this Resolution is being moved.

Now, Honourable Members will see that the idea of paragraph (1) of this Resolution is that we are adding a proviso to rule 6, namely, provided that (I need not read the whole proviso which I have read out to the House just now)...with the consent of the President on the moving of a motion and certain other conditions which are indicated in paragraph 1, such motion may be discussed, so that in future it may not be said that rule 6 and rule 12-A will stand in the way.

Then, I come to paragraph 2. These are powers which under the Government of India Act and under the present rules framed thereunder

[Sir N. N. Sircar.]

the Governor General possesses in respect of disallowing discussion or disallowing motion on the grounds stated in paragraphs 2, 3 and 4 of the Resolution. Sir, I have received notice of a very large number of amendments—some are from my friend, Mr. Satyamurti, and others are from Mr. Ananthasayanam Ayyangar. I could spot the name without reading the amendments by their length and some amendments are from Sardar Sant Singh. It is not proper that I should discuss the amendments before they have been moved. I think it is in fairness to the House and also that there may be no misunderstanding and for no other purpose that I ought to make the position of the Government clear in this matter. It is this. If, as a result of the carrying of the amendments, the situation is reached under which the Governor General will be deprived of his powers of disallowing the motion on the grounds with which you are familiar, then it is hardly possible that the Governor General in Council will be in a position to accept that situation. As in duty bound, we have got also to place this Resolution before the other House also to consult opinion of the two Legislatures. This is the first stage when this House is being asked to give its opinion. That is the position. It may well be that some of the Honourable Members will have to consider which of the two evils they consider the greater—I am talking of Honourable Members who feel like what has been expressed in the amendments. According to them it is an evil to let the Governor General have the powers which are indicated by these sub-paragraphs. I believe in their opinion it is equally an evil that rule 6 and rule 12-A should not be amended so as to enable a motion for discussing the breach of the privilege of the House to be raised in the House. These are according to them the two evils, and no doubt Honourable Members will think as to which is the greater evil. I have very little to say now and even later on I shall have to say very little.

Sir, I move.

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

“That this Assembly recommends to the Governor General in Council that the following amendments be made in the Indian Legislative Rules, namely :

(1) To rule 6 the following proviso shall be added, namely :

“Provided that where the President has given his consent to the moving of a motion for the purpose of discussing a question of privilege, the Governor General in Council shall, unless the motion is prohibited under the operation of sub-rule (2) of rule 12A or is disallowed by the Governor General under sub-rule (4) of rule 12A, as soon as may be, allot for the discussion of such motion so much time on a day or days not allotted for the business of non-official members as may appear to him to be sufficient, and such motion shall be open to discussion within the time so allotted but at no other time.”

(2) After rule 12 the following rule shall be inserted, namely :

“12A. (1) Subject to the provisions of sub-rules (2), (3) and (4) a motion for the purpose of discussing a question of privilege may be moved with the consent of the President.

(2) No such motion shall be moved if it concerns a matter on which a Resolution could not be moved and no such motion shall be moved save with the consent of the Governor General in his discretion if it concerns a matter on which a Resolution could not save with such consent be moved.

RESOLUTION re AMENDMENTS TO THE INDIAN LEGISLATIVE RULES. 371

(3) The decision of the Governor General in his discretion on the point whether any such motion is or is not within the restrictions imposed by sub-rule (2) of rule 23 shall be final.

(4) The Governor General may at any time notwithstanding the consent of the President or before such consent has been given disallow any such motion or any part of such motion on the ground that it cannot be moved without detriment to the public interest, and if he does so no further discussion of the motion or part thereof as the case may be shall take place.”

Sardar Sant Singh (West Punjab : Sikh) : Sir, I beg to move :

“That in paragraph 1 of the Resolution, for the proposed proviso to Rule 6, the following be substituted :

“Provided that when the President has given his consent to the moving of a motion for the purpose of discussing a question of privilege, such motion shall have precedence over the day's business on which such motion is moved.”

Sir, I need not take the House through the history which led to the framing of these new Rules in the Legislative Assembly Rules. Briefly it was on 10th February, 1932, that I put a question when the Ordinances were issued by the Government of India whether those Ordinances had in any way affected the privileges of this House. The Honourable the President called for the opinion of the then Law Member who gave it that the privileges of the House were not affected by the issue of the Ordinances. Then again the question cropped up in 1936 when security was demanded from the newspaper *Abudhya* in Allahabad for publishing translation of the verbatim speech made by my Honourable friend, Pandit Krishna Kanta Malaviya, in this House. On that occasion, I first gave notice of an adjournment motion which was disallowed by the Governor General. Later on I gave notice of another adjournment motion on the basis of the privileges of the House having been broken. On that occasion too my motion was disallowed on two grounds, firstly, that the matter was not urgent and secondly, that privilege motions could not form the subject matter of an adjournment motion. Later on I gave notice of another motion taking my clue from the practice of the House of Commons that such motions of privilege could be discussed on the floor of the House and that the business of the House could be interrupted for that purpose. You were pleased to permit me to put forward my reasons for the motion. Ultimately, Sir, you gave a ruling that such a motion could not be taken up under the existing rules and you suggested that Rule 6 and Rule 12-A should be amended suitably to give facilities for such motions being brought forward. The Government have taken up that suggestion and has brought forward this motion. In order to appreciate the position of my amendment, I want to submit for the consideration of the House two things. My motion deals with two matters, firstly, my motion aims at eliminating the Governor General's power of interference and secondly, provides that the motions of privileges should be taken up immediately and should be given precedence over the day's business. In order to appreciate fully the position why I want these two facts to be taken note of, I would just, for the information of the House, read the practice which prevails in the House of Commons. In the House of Commons at the commencement of every Parliament, the Speaker makes a motion in these words :

“In the name and on behalf of the Commons to lay claim by humble petition to the ancient and undoubted rights and privileges, particularly that the persons, their estates and servants may be free from arrest and of molestation, that they may enjoy

[Sardar Sant Singh.]

liberty of speech in all their debates, that they may have access to His Majesty's Royal Person whenever occasion shall require and that all the proceedings may receive from His Majesty the most favourable construction."

This motion comes from the Chair, to which the Lord Chancellor replies that :

"His Majesty most readily confirms all the rights and privileges which have ever been granted to or conferred upon the Commons by His Majesty or any of his Royal predecessors."

Now, from this you will please notice that the privileges are claimed by the Speaker of the House of Commons. The privileges that are enjoyed by this House, limited as these are, have really been conferred either by the Government of India Act or are inherent in the institution itself of which the Honourable the President is the sole guardian and the protector. Now, those privileges which are conferred by the Government of India Act cannot be enlarged and I would respectfully submit cannot be restricted by the Governor General. Therefore, I submit that as regards those privileges whose limits are defined by the Government of India Act, even the Honourable the President cannot permit them to be exceeded. That is why when I say in my amendment that when the President has given his consent to the moving of a motion, I do not forget the limitations under which this House works. It naturally follows that these privileges cannot be restricted by any legislative rule framed for the guidance of the House. Therefore, I am perfectly justified when I say that the proposed rule giving power to the Governor General in Council to allow or disallow discussion of a privilege motion makes a serious inroad upon the privileges of this House, and I do not want such inroads to be made.

Secondly, there are these privileges which are inherent in the institution itself. These privileges in their very nature do not transgress the limits of what is called public interest or any other interest. The discussion of a motion of privilege is purely a domestic matter concerning the House alone. Breach of privileges does not affect the opposition side or Government side alone, but affects the House as a whole, and, as such, I will appeal to the Honourable Members on all sides of this House that they should constitute themselves as the guardians of such privileges and they should themselves defend the rights, which belong to them. Nobody can deny that privileges are essential to the dignity and power of any representative House. Without such privileges as freedom of speech, freedom from arrest and others as defined in Government of India Act, this House loses its usefulness and cannot claim any dignity in the eyes of the public. Here I should like to quote from May's Parliamentary Practice in which the second principle which I tried to enunciate just now has been clearly laid down. On page 71 it is stated thus :

"But whatever may have been the origin and cause of this custom, and however great the concession to the Crown may appear, the privileges of the Commons are nevertheless independent of the Crown ;"

This may be noted. This is an essential condition of these privileges and it has been stated further :

"and are enjoyed irrespectively of their petition."

Therefore, Sir, I think I have made out a clear case for Government to consider whether the Governor General can appear in the picture or should appear in the picture relating to this motion.

In order to further illustrate my point, I will refer to the conflict between the Crown and both Houses of Parliament on the question under discussion. In that conflict both the Houses maintained their dignity and power and have never allowed the judiciary or the Crown to interfere in any way. I will quote a few cases on this point. It has been laid down that the Lords will not suffer any persons, whether officers of the House or others, to be molested for executing their orders, or the orders of a committee, and will protect them from actions. In pursuance of this policy when,

"The House was informed that an action had commenced against Mr. Hesse, a justice of the peace for Westminster, who had acted under the orders of the House in suppressing a riot at the doors of the House, in Palace-yard ; and Biggs, the plaintiff, and Aylett, his attorney, were ordered to attend, and were imprisoned."

The plaintiff and the attorney who brought the case against Hesse were committed for contempt of the House. Again,

"On the complaint of Aldern, a constable, on 26th June, 1788, that having under an order of the house, refused Mr. Hyde admittance to Westminster Hall during the trial of Warren Hastings, he had been indicated for an assault, Mr. Hyde was ordered to attend, and committed. The last case of the kind was that commonly known as 'the umbrella case' when, on 26th March, 1827, John Bell was summoned before the Lords and admonished, because he had served F. Plass, a doorkeeper, when attending on the house, with a process from the Westminster Court of Requests, to pay a debt and costs awarded against him by that court, for the loss of an umbrella which was left with the doorkeeper during a debate."

These are cases relating to the House of Lords. I will now give 3 P.M. some cases relating to the House of Commons :

"In the case of Ferrers, in 1543, the Commons committed the sheriffs of London to the Tower, for having resisted their Sergeant-at-arms, with his mace, while freeing a member who had been imprisoned in the Compter."

In 1689, after a dissolution of Parliament, an action was brought against Topham, the Sergeant-at-arms attending the Commons, for executing the orders of the house in arresting certain persons. Topham pleaded to the jurisdiction of the court, but his plea was overruled, and judgment was given against him. The house declared this to be a breach of privilege, and committed Sir F. Pemberton and Sir T. Jones, who had been the judges in the case, to the custody of the Sergeant-at-arms."

That case establishes clearly that in the case of a conflict between the courts and the House relating to the privileges of the House, the courts had to suffer at the hands of the House. I will give one other case :

"In 1771, the House of Commons ordered Miller, a printer concerned in publishing the debates, to be taken into custody ; and he was arrested by a messenger, under the Speaker's warrant. The messenger was brought before the Lord Mayor's court, who set the prisoner at liberty, and committed the messenger of the House for an assault. For this resistance to the orders of the House, Mr. Alderman Oliver and the lord mayor (Brass Crosby) were committed to the Tower."

These are the illustrative cases which clearly lay down the principle that whenever there has been a conflict between the House on the one side and the Crown on the other or even the judiciary relating to the privileges of the House, the House has always triumphed and the judiciary and the executive have always suffered. Therefore, I really cannot comprehend what led Government to bring the Governor General into this question of privileges. Whenever a question relating to privilege is to be raised in this House, breach of that privilege being an attack upon the dignity of the House and upon the freedom of the House, the House alone has exclusive jurisdiction and the executive and the judiciary can

[Sardar Sant Singh.]

have nothing to do with it. Whether our privileges are as large and as extensive as those enjoyed by the members of the House of Commons or the House of Lords is a different question, but surely executive power cannot come in the picture at all.

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member has only one minute more, and there are a number of amendments.

Sardar Sant Singh : Very well, Sir, I will hurry on.

Mr. President (The Honourable Sir Abdur Rahim) : There are a number of amendments.

Sardar Sant Singh : The next point is that, according to the proposed rules, it is laid down that when the motion has been admitted, the Governor General will allot a day for the discussion of that motion. My submission is that this should not be so. In the parliamentary procedure it has been clearly laid down that any attack upon the dignity of the House, which means, any motion relating to the privilege of the House, will be taken up immediately, and it will interrupt the day's business, and as such will have precedence over all others....

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member's time is up, and he should finish now.

Sardar Sant Singh : Finally, I submit that I cannot really understand why, when the dignity of the House is attacked, this side or that side of the House should prevaricate and not proceed at once to take cognizance of the matter. Self respect of the House demands that this motion should be discussed immediately. Therefore, I move my motion.

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

"That in paragraph 1 of the Resolution, for the proposed proviso to Rule 6, the following be substituted :

'Provided that when the President has given his consent to the moving of a motion for the purpose of discussing a question of privilege, such motion shall have precedence over the day's business on which such motion is moved'."

There is some other substantive amendment by Mr. Satyamurti, there is also another by Mr. Ayyangar.

Mr. S. Satyamurti (Madras City : Non-Muhammadan Urban) : This is a comprehensive amendment, and I think we may discuss this first.

Mr. President (The Honourable Sir Abdur Rahim) : There will be discussion now on the amendment that has been moved.

Mr. Lalchand Navalrai (Sind : Non-Muhammadan Rural) : Sir, I wish to contribute a few words to this very important motion. The motion relates to the privilege of the House ; it is very essential. It is a right which belongs to the House. It is an inherent right of every human being. It is not a right which can be trifled with in the manner in which it is proposed to be done. It is a right which is being enjoyed in the British Parliament, and may I ask if there are any restrictions imposed on the Parliament with respect to this ? I should like to be

enlightened on this point by the Treasury Benches. I feel that, when there is a question of restricting the rights or privileges of a body like this, when it is proposed to impose restrictions upon the House, it really means an abuse of powers. When I read the Resolution presented by the Leader of the House, I thought he was giving us all which belongs to us, but when I read a little portion put in, later, in the middle of the Resolution, I don't say, surreptitiously, but designedly, I found that that took away the whole privilege and every right. The Resolution says—where the President has given his consent to the moving of a motion for the purpose of discussing a question of privilege, the Governor General in Council shall allot for the discussion of such motion so much time on a day or days not allotted for the non-official business. I considered that the privilege which is already there is only being restricted to this extent that when there is a question of privilege a day will be allotted by the Governor General in Council, but, Sir, it is not so. Of course, my friend, the Mover of the amendment, has very rightly objected to that power of the Governor General also. When there is a question of privilege it must have a preference. Why should it not supersede any other question in the House ? First of all, you must possess the privileges, and then only your House can exist. If your privileges are going to be interfered with, where is the necessity of having a House or of our being in the House ? I, therefore, submit that the amendment that has been moved is a very salutary one.

Then, we find that the Governor General will allot a day subject to certain rules. Those rules have been enunciated, and I shall not read them, but the exceptions introduced there do what ? Thereby the inherent privilege that is ours is not only in danger, but that privilege which is ostensibly going to be given to us by the Resolution will also disappear. This means that what you are getting with one hand is going to be taken away by the other. The Governor General has to allot a day or days for discussing the question of privilege, but before a date is fixed, these are the conditions that have got to be observed. The Governor General in his discretion may not allow a Resolution which, as a sole judge, he holds to be detrimental to public interests or is not of public interest. These are two distinct hindrances, and Honourable Members of this House know how these two questions are decided. What happens when there arises a question of discretion to be exercised by the Governor General ? What is the procedure followed ? The procedure followed is this. The matter is brought before the House, let us say, the question of privilege. Now, if the Governor General has got the power to go into that question and decide it for himself, what happens ? The procedure followed is that the Leader of the House or some Members of the Treasury Benches place this matter before the Governor General. The Governor General decides it. Is it not an *ex parte* order, I ask ? Is the other side ever heard on the subject ? When the President allows it, and representation is made only on one side, where is the rule which asks the Governor General to call on the Leader of the Opposition or Members of the Treasury Benches to put in their case and then for him to decide whether the public interests are in danger ? Sir, I submit that this privilege question should be very seriously considered. If the privilege is taken away, I submit that you take away everything from us.

[Mr. Lalchand Navalrai.]

We have seen how the press is taken up when they give publicity to certain debates in the House, and comment freely and frankly without fear feeling it is the right and privilege of the people. Sir, on this point no elaborate arguments are needed. Every moment when there is a question of privilege, you will not be allowed to get precedence over all other questions. Then when it goes to the Governor General, you will get the usual reply that it is against public interest. I hope that not only this side of the House, but also the European bloc would consider this question of privilege seriously. The European Group should ask themselves,—what will be the effect if a question like this arises in the British Parliament,—they can answer the question themselves. Therefore, there should be no restrictions on the privileges we already are entitled to. I hope that this amendment will be carried.

Mr. K. Santhanam (Tanjore *cum* Trichinopoly : Non-Muhammadan Rural) : Sir, I rise to support the amendment moved by my friend, Sardar Sant Singh. Before I proceed to make a few remarks on the merits of the amendment itself, I should like to make one preliminary observation. There is a vital difference between the House of Commons and this House. The House of Commons can directly punish people who infringe the privileges of that House, but this House has no such right to punish anybody. If it carries a motion of privilege, it has only a moral effect, and, therefore, the Honourable the Leader of the House might reflect, that after all there is nothing which is likely to happen which the Government of India will not be in a position to stop. Remembering that a motion of privilege has merely a moral effect, we may proceed to consider whether all the restrictions imposed by paragraph 12 are necessary. How can a motion of privilege arise in this House ? It can arise, firstly, by an action of the Government of India or one of its officials ; secondly, it may arise by the action of one of the Members of this House ; and thirdly, by the action of third parties. I wish to ask this House whether it is right that when a motion arises owing to some action of the Government of India or its officials it is proper that the Governor General should have the right to disallow the motion. Then there will be no privilege at all so far as that aspect of the matter goes. The President is there common to this House and to the Government of India and he should be in a position to decide whether the question raises a proper question of privilege. Then, what about the second class of actions,—those motions which arise out of the action of a Member of this House ? The Members of this House are not subject to the discipline of the Governor General in Council or the Government of India. They are subject to the discipline of the House itself and its President. And why should the Governor General have any right to disallow any motion of such a nature ? As regards the motions of privilege arising out of actions of third parties, even here, the Government of India ought to be disinterested. It ought to be able to leave it to the President to take charge of the privileges of this House. Therefore, I cannot see any reason why the Governor General should have or should want to have any voice in this matter. As I have already pointed out, our Resolutions have no coercive effect, they are more or less merely protests against the infringement of our privileges. In the last resort a motion of privilege is dependent upon the action of the Government of India for restoring to this House its privileges and dignities. I, there-

fore, suggest that all these restrictions are quite unnecessary and quite meaningless. I support this amendment.

Mr. Abdul Qaiyum (North-West Frontier Province : General) : I rise to support the amendment of Sardar Sant Singh, and the reason for my support is very obvious, because the Resolution moved by the Honourable the Law Member is a very great encroachment on the privileges of this House. If this Resolution is carried into effect, it will mean that this House, which includes Honourable Members sitting on the right as well as Honourable Members sitting on the left, will be divesting itself of its great authority and of the respect which it rightly commands in the eyes of the people outside this House. As it is, under the Government of India Act, the Governor General has been raised into a super-dictator. All sorts of powers have been showered on him. His discretionary powers are numerous, and I think any addition to those powers would mean the creation of difficulties and turn the Governor General, if I may say so, into one of the dictators that we find in the European countries, like Mussolini or Hitler. That, I submit, is not the intention of the Honourable Members of this House. After all, in the matter of privileges, I submit that the decision of the Honourable the President should be supreme and that the Governor General should not be allowed to have any say whatsoever. I submit that this should not be a question at issue between the Government Benches and the Opposition. When our privileges are being attacked, I would request that Members of this House, one and all, should vote in favour of Sardar Sant Singh's amendment and thus frustrate the greatest attack on the liberty and privileges of this House.

Qazi Muhammad Ahmad Kazmi (Meerut Division : Muhammadan Rural) : I rise to support the amendment of Sardar Sant Singh. The Resolution as drafted and put before the House gives protection only half way to the privileges of this House. The chief question that we have to consider is whether this House is part of the executive Government of India, or the executive Government of India is subordinate to and is to be regulated to a certain extent by this House. In free countries we know that the legislature is the chief governing element in so far as the executive depends upon the will of the legislature. I do not say that we should pretend that that condition exists in India, but so far as this House is concerned, it is no doubt regarded as a separate entity by having its own Speaker, by having its own decisions, which are binding on both the parties, the executive as well as the other side which represents the opposition or the people of the country. If the proposed rules are taken into consideration, they will again show that this Legislature is subordinate to the executive authority. I quite see that the Governor General should have the authority of over-ruling any motions which are beyond the scope of this Legislature relating to foreign countries, to foreign princes, or something like peace and tranquillity of the country. But the point is, when we come to the House itself, where is the question of peace and tranquillity in the country when we come forward and say that the executive has attacked the privileges of this House or has done such and such a thing which is against the privileges of this House and we want to discuss that matter ? Again, the executive, instead of coming straight to this House and giving a reply, will invoke the protection given by this particular provision of the rules and

[Qazi Muhammad Ahmad Kazmi.]

say that we cannot discuss it. I may submit that so far as the privileges of the House are concerned they would not contemplate any relations with the foreign powers, they would not contemplate probably any question of peace and tranquillity of the country, and these are the only conditions in which the Governor General is entitled to interfere in the working of the House. Now, by adding this privilege we are giving one more occasion, one more opportunity for the executive to interfere in the working of the House. By introducing the Governor General into this picture, we are creating a misconception as to the very functions of the House, as to the very functions which are allowed to this Legislature. We are going to subordinate this House in the matter of its internal affairs to the executive authority which is against principle and which cannot be tolerated by this House. If we allow the Resolution as it stands it will be another encroachment on the privileges of this House, in so far as it would allow the interference of the executive authority in matters of privileges of this House. Sir, I support the amendment of Sardar Sant Singh.

Mr. M. Ananthasayanam Ayyangar (Madras ceded Districts and Chittoor : Non-Muhammadan Rural) : I do not admit that a rule need be framed but anyhow I am bound, as other Members of the House are, by the ruling that has been already given. Where was the occasion for a rule to be framed ? The ruling has given opportunity to the Governor General to take advantage and make further encroachments upon the privileges of the House. If this rule is passed, the Governor General will have control not only over the matter of the time that has to be allotted for discussion of privilege but also a matter of substance. When we claim that a matter is a matter of privilege and according to you also is a matter of privilege, it is still open to the Governor General to say that it is not a matter of privilege and cannot be discussed. You know very many matters have come up before this House so far as matters of privilege are concerned—with respect to asking a number of people to get out of the galleries, shutting out strangers from the proceedings of the House and so on. Attacks are made by some irresponsible newspapers not only in this country but elsewhere. Even the Governor General or an important member of the Government makes, let us assume, improper attacks upon the integrity of the House. We are now going to look to the very person who is to be accused for having transgressed the privileges of the House to decide whether we should discuss his conduct or not. There are two ways in which we have to look at this Resolution. Either the Government is not affected by this privilege motion, or it does not concern the Government at all. In either case it is unnecessary to look to the Governor General to see whether that matter has to be moved or not. That is a matter in which he has absolutely no concern and if scurrilous attacks are made on this House, the Governor General and the Government will only look on. I would only refer to a previous ruling given by one of your predecessors where the matter was sought to be moved in the form of an adjournment motion, regarding some attacks made by a newspaper. It was said that adjournment motions are generally tabled whenever the Government is sought to be censured for an action taken by the Government. This could not be allowed to be moved in the form of an adjournment motion because

Government has nothing to do with it. A newspaper makes an attack upon the integrity of the President or the wisdom of the House. Under those circumstances an adjournment motion cannot be moved. That is the position. Therefore, the Governor General goes out of the picture. There is no reflection upon his Government. Where some other man is the aggressor, the Governor General as the neutral party simply looks on. He should be the last person whom we should look to for the protection of our interests. We take the other case where the Governor General himself has got a direct hand in making encroachment. In that case we would be allowing him to decide the time of discussion and also whether the matter should be discussed at all. He should be the last person who should have a say in this matter whether and when the matter should be discussed. On these grounds I say that the Governor General should not be clothed with this authority. That is all I have to say.

Sir Muhammad Yakub (Rohilkund and Kumaon Divisions : Muhammadan Rural) : Mr. President, according to the rules, as they stood up to the present time, there was no procedure laid down for discussing questions of the privileges of the Members. Therefore, the Resolution moved by the Honourable the Leader of the House is a move in the right direction and ought to be welcomed. In making an amendment to the rules of the House it was not necessary for the Government to consult this House. They could frame and amend the rules themselves, if they wanted to do so, but as an undertaking was given, some time ago, on the floor of the House, that in matters like this the Government would consult the views of the House, I think it is in fulfilment of that undertaking that this Resolution has been placed before the House. Now, Sir, it was, as I just now said, a move in the right direction that at a time when the legislative powers of our Indian legislatures are expanding and extending there must be some rules and regulations to guide the discussion on questions of the privileges of the Honourable Members of this House. As has already been pointed out by certain Honourable Members, an occasion for asserting the privileges of the Honourable Members of this House can arise in two ways, firstly, if any of the privileges of the House has been attacked, on the part of the Government, or any member of the Government, secondly, if our privileges have in any way been assailed by some members outside the Government Benches. In both these cases, I think, it would not be fair and it would not be right if we were to place the responsibility of allowing or disallowing the motion on the Governor General as has been laid down in this Resolution. If the attack on the privilege is on the part of the Government, then we would be making the accused himself as the judge and it would be against all principles of equity and justice and, therefore, the Governor General should have no voice in the matter whether this question should be discussed in the House or not. On the other hand if we take the second alternative, namely, that the attack has been made by some other Honourable Members, or by some party in the House against any other section of the House, then I think we will be placing the Governor General in a false position. He will be accused of siding one party against another. So I think in both cases, we would be placing the Governor General in a very difficult and false position ; the

[Sir Muhammad Yakub.]

Governor General has got so many other difficulties to meet and it would not be proper for us to add one more to them. Therefore, I support this part of the amendment. Now, the second part of the amendment is that when a motion like this has been given permission to be moved by the President, it must have precedence over all the other business of the House. I think that even the Members on the Government Benches will not oppose this part of the amendment, because questions of the privileges of the Members of the House are really of a very urgent character. They touch the susceptibilities and the honour of Honourable Members of the House and it is only right and just that discussion of these questions should be given preference over other business on the agenda of the House. With these words I support the amendment.

Mr. Bhulabhai J. Desai (Bombay Northern Division : Non-Muhammadan Rural) : Sir, having regard to the importance of the matter and having regard to the observations of the learned Mover of this motion, I feel that we must examine this matter somewhat more carefully to see what is involved in what I may call the caution given by the Leader of the House if we should act in a manner not quite agreeable to the Government he represents. The motion before the House, I am aware, has its origin in the ruling given sometime ago over a discussion that took place that, inasmuch as under rule 6 on all other days no business other than Government business shall be transacted except with the consent of the Governor General in Council, some qualification had to be made to that rule in order that time may be found for the purpose of discussing a matter relating to a privilege of the House. To the extent to which the wishes of the House and I believe the suggestion made from the Chair are being met, I am quite prepared to say and to agree with Sir Muhammad Yakub that it is a move in the right direction but you may easily have a move appearing to be in the right direction and yet you may have a move backwards by two or three steps although they may pretend to go forward one step. In my humble judgment, I put it to the House for its consideration, whether while it may appear to be a move in the right direction, what it gives is less than what it takes away ; and I would rather that this grudging concession was not granted so that the House may know where it stands, well remembering of course that this House has in this matter no authority, well remembering also that under the Government of India Act the Governor General in Council alone may graciously concede time in order that the House may discuss its privileges. If this is the grudging manner in which this is to be done, I personally feel that it was better denied. After all, if it is a question of a privilege of the House, it is no use circumscribing it with any other conditions if it is to be allowed to be discussed usefully at all ; and I do not like the apologetic manner in which we say this ; in one case you judge in your own favour ; that is very wrong, and I hope that so far as that is concerned—a question between the Governor General in Council and ourselves—I believe we have been so much accustomed to their judging in their own favour that it is not a matter that surprises me. But the second one is—supposing it was a matter

between Members themselves to say, why go and waste our sympathy and say, "the Governor General may be placed in a very awkward position", and supposing further that it was a matter in which those outside this House may be the people concerned or any other public person concerned against whom by improper conduct or speech the privileges of the House may be assailed. I am therefore not desirous that this question should not be considered in any apologetic spirit at all. I have been told and was told almost on the very first day I entered this House when I moved a motion in reference to the prevention of **Sarat Chandra Bose** from attending in this House that this House possesses no privileges whatever except what is provided in that one single section of the Government of India Act. If that is going to be the position of this House, I think it is much better to meet the naked truth than to have the pretence that there is some form of privilege which you may discuss and that for discussing that you might have some sort of gracious permission if about ten stiles were avoided. Knowing the very very restricted privileges of this House such as they exist within the limits of the Government of India Act and within the limits of our position as subordinate Legislature, none-the-less at all events to that extent, let us copy the example of the House whose position we may some day hope to attain, that once it becomes a question of the privilege of the House, the House must necessarily have its interests placed in the forefront, predominating over all other questions, for after all if this were not the law at all, viz., to discuss questions concerning its privileges in preference to all other questions and by way of precedence over all, why talk about privileges at all ? I therefore suggest that instead of going through all the details of the amendments, the simple proposition which is moved before the House should be supported ; and, as I say, remember this that here it concerns the privileges of you, remember also this that it is the allegation that one of us or the House is being attacked, and remember also this that if you are to be denuded even of that little power, I rather feel that we should have none. I have, therefore, no hesitation in supporting this motion for amendment. (Applause.)

Mr. Muhammad Azhar Ali (Lucknow and Fyzabad Divisions : Muhammadan Rural) : Sir, I stand to support the amendment of my Honourable friend, Sardar Sant Singh. While reading the Government Resolution, I am struck by the idea that all Members of this House, both on the Opposition side as well as on the Treasury Benches, are to be treated by the present Government just like children at school. It is said that the Governor General's word is always ready to correct these children who have come to this House and that they should be punished and a punitive clause should be attached to the rights and privileges of this House. Sir, those people who have come to this House have come with the impression and the whole country recognizes that impression that there are some privileges which this House and Members of this House have, and when they go out to their constituencies they believe and honestly believe that this Legislature has got certain powers which nobody can snatch away from this House and from the nation. Sir, here we find this Resolution by the Government and I honestly believe that the public outside and the whole of India

[Mr. Muhammad Azhar Ali.]

will consider that this House has absolutely no power and that it will be a sort of reflection not on this House alone but on the respectable Chair of this very House. Without any reflection, I submit, on the Chair, I may say it will take away the honour, the substance of the honour and the rights and privileges of not only Members of this House but also of the Chair of this House. Sir, I am afraid that this Resolution of the Government will act on the country like a bolt from the blue and I consider that it is an outrage on the privileges of the Members of this House. Sir, here we must say that we thank our Congress friends who have come into this House since last year that this amendment has been brought up by the Leader of the House simply to curb the rights with regard to the adjournment motions which our friends have been bringing up from time to time. (Hear, hear.) Sir, if this outrage is inflicted, I am afraid we shall either have to clear out or we should say that, well, the Governor General has every power to do whatever he likes. As my young friend says, well, if the Governor General acts *vis-a-vis* this House as a Hitler or Mussolini, I submit it will reflect against the Governor General himself and it will be considered as a sort of immorality. With these remarks, I support the motion.

Mr. Sri Prakasa (Allahabad and Jhansi Divisions : Non-Muhammadan Rural) : Sir, I rise in great fear and trembling, because, to my deep regret, I have already annoyed the Honourable the Law Member in the morning.

The Honourable Sir Nripendra Sircar : I do not mind children.

Mr. Sri Prakasa : In the happiest of circumstances a gentleman suffering from eczema will be dangerous, but luckily I am far away both from the contagion and the scratch. If I do not quote May's Parliamentary Practice, it is simply because we are in the month of August and prefer August's Parliamentary Practice to May's, because I do honestly believe that our procedure should change from month to month according to the season as do our clothes. I should, with your permission, like to lodge a protest against the manner in which these matters are brought before this House. I thought that protest was a monopoly of this side of the House ; but I found the Honourable the Law Member also protesting rather loudly this morning. So, I think I should come back to my monopoly and offer a strong protest against the manner in which such important Resolutions are brought before the House.

We have all heard of a great fight that took place long ago between the feathered tribe and the mammals ; and of one particular person who was on both sides. This particular person went to the side of the mammals when they seemed to succeed saying it was a mammal ; and when the mammals lost, it went to the side of the birds saying it was a bird, had wings, and could fly. I have a fear that the Honourable the Law Member is very much like that person in connection with such Resolutions. When he finds that a majority of the House will be absent because of their commitments elsewhere, he brings forward some Resolutions which were not even to come in force till long afterwards, and

gets them passed in the House despite the protest of the Secretary of our Party who fought stoutly on that occasion on our behalf, single-handed like the lion at bay. When he finds that this nefarious Party would be present to oppose him, he gets a number of undesirable rules printed in the Government of India Gazette, dated the 24th July, 1937, so that we may not be able to say anything about them at all. And when he finds that there is a sort of Resolution towards which the Congress Party as well as the other Members of the House would be inclined favourably, he brings it forward for the support of the House feeling that he is doing a great service to the country and the world at large. In these circumstances, because of the back-door methods followed by the Law Member, I am against the whole Resolution, amendments and all, root and branch.

I personally think that the Resolution, as drafted, is a serious reflection on the Chair itself. The Resolution says that notwithstanding the consent of the President, somebody else will be able to do something against it. How can we give consent to our own President being insulted in this way ? If the trouble is about finding proper opportunities for the ventilation of our grievances regarding the privileges of the House, I am sure the non-official Members will be glad to give part of the days assigned to them so that such matters may be discussed if the Government feels that it has too much important work to do on days they have assigned for themselves.

Then, Sir, the great thing that is worrying me is just this. What is the value of such a Resolution even if passed in this House ? I understand that as the rules stand—I am not learned in the rules, they are too complicated for my simple brain—the Governor General in Council or the Governor General out of Council can do anything he pleases. If so, what will be the actual practical effect of any Resolution that we may pass in this House ? Let the Governor General in or out of Council do exactly as he pleases. I am a simple villager, a petty Zamindar at best, and I like to call a spade a spade ; and I entirely agree with my Honourable Leader when he said that the naked truth should be known and that we should not take shelter under useless subterfuges.

Sir, we are very fond of May's Parliamentary Practice. We are probably a delightful stepson of the Mother of Parliaments that sits somewhere else. But I should like to know where is the bar and where is the tower ? If somebody abuses the privileges of the House, can you, Sir, as President of the Assembly summon him to the bar of the House ? Have we got any tower here where persons can be shut up ? I do not refer to the shutting up of ourselves when the division bell is ringing. I am thinking of the actual bar that exists in the Houses of Parliament abroad where persons who have been guilty of violating the privileges of the House can be punished and actually shut up. I do not know exactly what the possible duration of the imprisonment is ; but I know that the last prisoner over there was the great Charles Bradlaugh himself. Merely getting some time by the favour of the Governor General ; discussing the so-called privileges of the House ; and going home very pleased with ourselves ;—does not satisfy either my heart or my head. I think the whole procedure is so futile that it may just as well remain where it is.

[Mr. Sri Prakasa.]

With these few words I oppose the whole Resolution from 'This Assembly' to 'take place'. I oppose it root and branch, lock, stock and barrel or any other expressions that may come to the ready memory of my Honourable colleagues here. I think it is a dangerous Resolution. I personally think that allowing it to pass would mean accepting the nefarious and differing processes adopted by this Government in bringing before this House various amendments to the rules of our procedure. It will be giving our moral consent to the manner in which they have gone about this business. I, therefore, feel exceedingly unhappy—I am not one of those who feel unhappy very often—but I do feel exceedingly unhappy over this Resolution; and I do hope that realising the futility of all the amendments which may or may not be passed; having regard to the absence of any real privileges of the House before which even the President is helpless; having also regard to the fact that whatever we may be somebody else will always be able to over-rule us—the House will throw out the whole Resolution and let the Government do its best or its worst.

The Honourable Sir Nripendra Sircar : Sir, the last speaker told us that he opposed this Resolution of mine lock, stock and barrel and he used some other expressions and he said that if I liked, I could add some more. May I add tooth and nail? (Laughter.) My Honourable friend also described himself as a simple villager, for if that is so, let us not talk any more of village uplift. The village has been uplifted already to the skies, because if Mr. Sri Prakasa, a part owner of Monohardas Katra in Calcutta, is a humble villager, where do I stand?

Mr. Sri Prakasa : In Elgin Road.

The Honourable Sir Nripendra Sircar : I have got very little time. I shall not be very long. I understand from the speeches made beginning from my Honourable friend, Mr. Abdul Qaiyum, and ending with Mr. Sri Prakasa and including that of the Leader of the Opposition and others that this is a Machiavellian project for encroaching on the rights and privileges of the Members which exist.

Mr. Bhulabhai J. Desai : I never said that.

The Honourable Sir Nripendra Sircar : But Mr. Abdul Qaiyum said that. I cannot quote the individual speeches of all the five Members.

Mr. Bhulabhai J. Desai : Nor can you accuse us individually?

The Honourable Sir Nripendra Sircar : I am taking all the speeches together. If really I am trying to encroach on the existing rights of Members and if this is a poisonous thing which should be avoided altogether, I can put it to the test in one minute. Will you allow me to withdraw this Resolution.

Some Honourable Members : By all means.

The Honourable Sir Nripendra Sircar : I am sure that if I ask the Honourable the President's and Members' permission to withdraw the Resolution, I shall not have it. That is putting to the test whether you really feel that something is taken away or something is being given, but not to the extent which is desired. May I ask for your leave, Sir, to withdraw this Resolution?

RESOLUTION re AMENDMENTS TO THE INDIAN LEGISLATIVE RULES. 285

Mr. President (The Honourable Sir Abdur Rahim) : Has the Honourable Member leave of the House to withdraw his Resolution?

Several Honourable Members : No, no.

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member has not got the leave.

Mr. Bhulabhai J. Desai : There is nothing in that.

The Honourable Sir Nripendra Sircar : There cannot be anything in what I say in the eyes of the Opposition. I have got the answer I expected. We were talking of Parliament. What happens in Parliament. My Honourable friend, Sardar Sant Singh, gave us instances of Judges being arrested and the indignities to which big people were subjected to, because the Parliament's privileges were concerned. I dare say that if my Honourable friend thinks that if his amendment is carried he will be able to put in jail all the High Court Judges in India.....

Sardar Sant Singh : Not at all. The Government of India Act is there.

The Honourable Sir Nripendra Sircar : Let us remember the artificial atmosphere in which we are carrying on our discussion (Hear, hear). I am glad at any rate, that something of mine has been accepted.

Mr. S. Satyamurti : You sometimes speak the truth!

The Honourable Sir Nripendra Sircar : I always speak the truth though I do not enjoy the name of the image of truth. Sir, let us look at the reality. In Parliament, Government means a majority. Does it not? Yes. Therefore, if some motion is brought, it has precedence over Government action and if that motion is prolonged unduly, say for days together, the Government can always get their closure. We have got to remember that these Rules which have been framed (and I wish to draw your attention to some of them.) they have been framed on the assumption that the Government here may not command a majority in the House. If that is so, one has got to think how it will work. Assume a privilege motion has been allowed, it gets precedence over official work and under the rule the control which has been given over official days, that is all completely lost. You can go on discussing a motion for days together and the Government cannot get a closure, because it is in a minority. Therefore, we have got to look at the thing not from the point of view of the situation in Parliament, but from what it is here today in India.....

Mr. President (The Honourable Sir Abdur Rahim) : It being four of the Clock, the adjournment motion will now be taken up.

4 P.M.

MOTION FOR ADJOURNMENT.

INDIAN INTERESTS AT ZANZIBAR.

Mr. S. Satyamurti (Madras City : Non-Muhammadan Urban) : Sir, I beg to move that the House do now adjourn.

Sir, it is a far cry from the privileges of this House to Zanzibar; but still I hope that, within the fifteen minutes allowed me under the Rules,

L183LAD

[Mr. S. Satyamurti.]

I shall be able to so present this case as to get the vote of every self-respecting and patriotic Indian in this House, where I am putting forward the interests of Indian nationals first and Indian nationals last. I have no use for that internationalism which loves every country except its own. I am anxious, on the other hand that by this motion we should protect all the legitimate interests of the Indian nationals. I have no quarrel with the Arab clove growers of Zanzibar. I want this House to realise one tragic fact, that is, that the Sultan of Zanzibar is a puppet and the entire sovereignty of Zanzibar rests in the hands of the British Resident and the Arab clove growers do not get their voice heard. I am perfectly willing, speaking for myself, if this problem could be settled between an independent Protectorate of Zanzibar and the sovereign people of that State with the people of India, then we should arrive at an amicable solution. But my Honourable friend, "John Bull", with that disinterestedness for which he is so famous, goes all over the world trying to settle other peoples' quarrels and getting his price out of it. This is a game at which the Englishmen are adepts, and I would suggest, Mr. President, that, when we bring up this motion to protect the rights of Indian traders in Zanzibar, we are doing nothing to hurt anybody-else's interest. We only want to protect the interests of Indian traders who admittedly for a century and a half have settled down in Zanzibar under 'every security of public faith' in the words of Mr. Winston Churchill, and have built up this trade in Zanzibar. Here comes along an Association of people who want really to create a monopoly of the entire clove trade and oust the Indian traders out of their living. I know the kind of answer which the Government of India will give. The communiqué is there. We have done our best, we will continue to do our best. Here, Sir, I am reminded of the story of a German pianist who was playing on the piano. Above his head were written these words, "I am doing my best, please do not shoot me". Surely, Sir, if the man plays bad music in spite of his best, we have a right, not to shoot because we are non-violent people, but at least to take him to task and condemn him. I suggest, Mr. President, that the Government's best does not serve the purpose of protecting the legitimate interests of Indian traders. I want this House to remember one or two facts. Mr. K. P. S. Menon, a servant of the Government of India, went out to Zanzibar. He was appointed by the Government of India. He has submitted his report which I am sure Honourable Members would have read. I will only give one or two quotations from that report to refresh the memory of my Honourable friends. He says :

"I now proceed to consider the Clove Growers' Association Decree and the Clove Exporters' Decree. They aim at nothing short of the establishment of a monopoly in the clove trade. They are calculated to cause such damage to Indian interests in this Protectorate that it is not a matter for surprise that even the allied and seemingly innocuous Decrees relating to the grading and adulteration of cloves have filled the minds of the Indian community with alarm."

I want my Honourable friends to remember one thing. The Clove Growers' Association is merely a pompous name. Hear what Mr. Menon has to say about the Association. He says :

"The Association is not an Association of Clove Growers. It is hardly even an Association in the ordinary sense of the word ; for apart from the Board of Management, it has no Members. At present, the Board is composed of three officials, the Manager of the National Bank of India,"

There has been some change since,—

"and the Secretary Manager, Mr. C. A. Bartlett, formerly a partner of Messrs. Grazebrook-Bartlett and Company, which used to compete not too successfully with Indian exporters in the clove trade."

That is the origin of the Association, and he added very significantly :

"It is, however, claimed that its name is justified, because it genuinely represents the interests of the clove growers. The Zanzibar Government might as well call themselves the Zanzibar People's Association."

He concluded his report by saying :

"The Clove Growers' Association Decree and the Clove Exporters' Decree, 1934, are in my opinion calculated to cause irretrievable damage to Indian interests, and will practically oust the Indian trader from Zanzibar. I would, therefore, urge that the strongest possible representations may be made for their removal from the Statute-book."

I believe I am right in saying that the Government of India accepted that recommendation, and tried their best to get those two statutes removed from the Statute-book, but, unfortunately, they did not succeed. They have secured what they called certain concessions. I shall now examine them very briefly. Before I deal with them, however, may I ask Government one question ? Why is not an Agent appointed there ? I am one of those who believe, and I think I speak for all non-official Parties in this House when I say, that wherever considerable Indian interests are affected or exist, there should be an Indian Agent or a Trade Commissioner on behalf of our people to protect their interests. That Agent will at least pay his way, unlike many other offices of this Government.

Now, Sir, I want to examine very briefly the so-called concessions which the Government have got for the Indian traders there. The first concession is that there will be two Indians out of seven on the Association. Surely we know that these two Indians nominated in consultation with the Chamber of Commerce cannot affect the decisions of the body as a whole ; and I may mention to the House that the Chamber of Commerce has refused to nominate or to recommend representatives. Why have they done it ? They know better than the Government of India that this is not a real concession. Then the Government say that the minority will be able to influence the policy. Surely the Government of India ought to know better than that. Even majorities here do not influence their policy ; they ought not to have said this. Then they say that there will be two out of six on the advisory committee, and Indian opinion will be given clear opportunities of expressing itself. So are we ; we are given clear opportunities every day of expressing ourselves. But nothing happens, and you go on just as you please. Therefore, please do not say these things ; they deceive nobody. They, then, say that all Indian traders, who were exporters before 1933, will get licences automatically. But this concession is overshadowed by the fact that the Association can purchase directly and has depots all over Pemba and Zanzibar. But the Government of India say they have obtained a clear assurance that it is not the intention either to increase the depots, or to encourage direct purchase. This is illusory because the depots are already there ; and in purchase, if a purchaser purchases what he considers first-grade cloves, when he goes to the Association depots, they may be called second-grade, and the trader will have to pay the difference in prices. Then, as regards these licences, if there is a difference of opinion, a reference is to be made to the Board

[Mr. S. Satyamurti.]

where Indians are in a minority ; and if we complain to them it will be a complaint from Philip drunk, not to Philip sober, but to Philip drunk once more. And the communiqué concludes with this sentence :

" It is difficult to see how any administration of the scheme in a racial spirit can escape public exposure."

Assuming it is exposed, what does it matter ? Will they change their attitude because of that ? It seems to me that these concessions do not really meet the difficulties of the Indian traders ; and the Government of India say that the scheme should be given a fair trial. But, if really the House is convinced, as I expect it will be by reading the communiqués and the literature on the subject, that all relevant interests have condemned it, they will have no hesitation in passing this motion. Sir Purshottamdas Thakurdas is one of those advisers whose sagacity and cleverness and moderation and sanity, the Government praised this morning. He has said that these concessions make the Indian traders mere middlemen. They get no rights whatever, and they will be wiped out. Why do you say his opinion should be thrown into the waste-paper basket ? The President of the Zanzibar Indian Association has condemned the scheme tooth and nail,—to use the Honourable the Law Member's phrase. Therefore, it seems to me that, when all relevant opinion has condemned it, it is no use the Government of India now trying to utilise the unfortunate Arab grower as a sort of camouflage for supporting their own surrender to the Clove Growers Association. I trust this stunt will deceive nobody. The *Servant of India*, a paper noted for its moderation and for its sanity, has written about these wonderful concessions :

" Their position " (that is, the position of the Government of India) " as a subordinate branch of the Imperial Government may have compelled them to accept the decision of the Colonial Office and to waive their right to stop the import of Zanzibar cloves into India, but they have no right to justify their action by advancing pleas the only effect of which will be to add to the serious difficulties under which the Zanzibar Indians are already labouring."

I hope, Sir, the House will remember this. This first Consul-General for East Africa in giving evidence in 1910 before the Sanderson Committee said :

" But for the Indians we would not be there now. It was entirely through the work of these Indian merchants that we were enabled to build up the influence that eventually resulted in our position."

I know gratitude is not a strong point with any Government. But still it does seem to me, historically speaking, that the Indian traders have established their position. The concessions have not been and are not valuable. Why should not the Government of India take up this fight ? On this occasion, Sir, I remember the last speech of Sir Fazli Hussain in this House, when I raised a similar motion on Indians in Kenya. It was then my privilege, as it was the privilege of the House, to hear a very sympathetic speech in which Sir Fazli sounded this note :

" Sir, let us remember we are after all Asiatics, and we cannot get our rights until we become free."

I am glad to see the Member of Government concerned present here today. I hope he is not here to prove the worse to be the better thing or even attempt to do it, but really to accept the strong sentiment of this country on this matter. There is no use trying to be " disinterested ".

trying to think of every country except your own. Think of India ; think of Indian sentiment and Indian feeling and Indian interests. The Working Committee of the Indian National Congress have gone into this matter and have already given their opinion that it is against the interests of Indians as a whole. There is no community involved in this ; it is a problem affecting Indian nationals as a whole ; and I am anxious that, in voting on this motion, the House will send its warm assurance of sympathy to these unfortunate Indian traders who, driven from pillar to post, have at last resolved on passive resistance themselves. I know this will raise a smile of incredulity on the lips of some people who have no faith in their country-men, that these people cannot stand passive resistance. But I suggest to Government that they ought to come to the rescue of these people, and put an embargo on the import of cloves into this country. After all, I am an eater of cloves myself, but comparatively speaking, cloves are a luxury, and we can do without them for some time. More than that, we can grow cloves in India. In the State of Travancore, there are hills where cloves were grown not long ago. If only the Government of India will take steps, we can grow cloves in this country ; and once the Government of India make up their mind and tell this proud Association in Zanzibar that we are going to put an embargo on the import of cloves into this country, they will squeal and come to terms.

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member's time is up.

Mr. S. Satyamurti : I will wind up as best as I can. I know we may not be able to influence the policy of this Government ; I know, that until India becomes free and self-governing, our nationals abroad must suffer. But I want this House by its vote to assure Indian nationals abroad that our hearts beat in unison with their sufferings ; that their interests are our interests ; that we stand by them, and we expect a return from them that they will give of their best for attaining the freedom of their Motherland, when the interests of our Indians overseas will be absolutely safe.

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

" That the House do now adjourn."

Mr. M. S. A. Hydari (Secretary, Department of Education, Health and Lands) : Sir, I appreciate the friendly tone of the Honourable the Mover, but I regret that, sharing as we do the Madrassi virtue of realism he has given it the go-by on this occasion. Let me, Sir, at the very outset clear away two or three misapprehensions which seem to be agitating the public mind. The first is that there is some kind of an agreement between the Government of India and the Government of Zanzibar. There is no such agreement. Secondly, it is said that we have accepted the scheme irrevocably and for all time without leaving ourselves any way open to judge the matter again in the light of experience of the working of the new arrangement. That again is incorrect. Then there are some of our critics who have said that we have betrayed our countrymen. Now, any one who knows our past record in the matter of Indians overseas, and especially the strenuous and continuous efforts we have made in Zanzibar for over a period of nearly 3½ years can hardly level that accusation against us, I leave it at that. But then there are other critics who, perhaps more in sorrow than in anger, say that once again the poor old Government of

[Mr. M. S. A. Hydari.]

India have been dished. Well, Sir, in this case at any rate we have not been overborne by any superior authority. We have accepted a trial of these arrangements thinking that they provide the Indians in Zanzibar with a fair and reasonable settlement. Now, who are the parties to this dispute? On the one hand, you have 200,000 Arabs and Africans, and on the other 15,000 Indians. Broadly speaking, the Arabs and Africans are agriculturists and the Indians are traders and financiers. The clove industry is the main industry of Zanzibar. Since Zanzibar ceased to be the entrepot for the East African trade, the Protectorate is now financially and economically dependent mainly on the clove industry. Now, Sir, according to such statistics as are available,—and they are rough,—out of a total of 32,500 plantations with clove trees numbering three millions, Indians own about half a million trees (spread over somewhat more than 1,300 plantations) and a further 300,000 trees are mortgaged to Indians. So that whatever is being and ought to be done for the grower cannot be said wholly to benefit the Arabs and the Africans, because the Indian middleman, the Indian financier is also to no small extent interested in the cultivation of cloves. Secondly, there is nothing against any Indian purchasing a growing crop and thus putting himself in the position of a producer and participating in all the benefits which these arrangements confer on the grower. There is, apart from these two interests, no other interests; there is no British commercial interest involved at all. Even the clove oil distillery which was owned by a British firm has now been taken over by the Clove Growers' Association, and any profit which this distillery earns goes back to the grower. These, therefore, are the parties. On the one side, you have the grower represented by the Africans and the Arabs, and on the other you have the Indian middlemen and traders.

Well, now, Sir, what is the problem which the Government of Zanzibar are faced with, and how are they trying to solve it? It is not merely a problem of cloves. It is a three-sided problem. There is the problem of how to protect the grower from indebtedness, how to save his holdings from alienation. Now, in Zanzibar, just as here, just as our own ryot, the Arab and the African is steeped in debt. It has been reckoned that the amount of his debt comes to something between 60 and 100 lakhs. In the same way, as we are afraid that our cultivators may be deprived of their land, so are the Government of Zanzibar afraid that their primary producers might become landless.

Mr. Tayabally has been quoted. The Commission on Agricultural Indebtedness, of which Mr. Tayabally was a member, reported in 1935, that in ten years from 1923 to 1933 Indians had increased their holding of clove trees from 152,000 to 502,000, and that a further 309,000 trees were mortgaged to Indians. Sir, I need not linger on this aspect of the subject, because the principles both of debt redemption and land alienation have been accepted, and wherever possible are being practised in India. I venture to hazard the guess that there will be few Honourable Members opposite who will contest this statement.

Pandit Nilakantha Das (Orissa Division: Non-Muhammadan): Therefore, expropriation is contemplated.

Mr. M. S. A. Hydari: It is worthy of note, however, that although we accepted as we indeed must the principles underlying the debt redemption and land alienation, yet we did what we could to temper the wind

to the Indian trader. As a result of our representations, substantial modifications have been made both in the debt and the land alienation legislation, and as a result the whole corpus of this legislation is being re-drafted and will include the important modifications which have been obtained by the Government of India. These, Sir, are the two sides of the problem. The third side of the problem is, firstly, how to ensure that the grower of cloves should get an adequate return for his produce, and secondly, how violent fluctuations in the export prices of cloves should be avoided, because they result in detriment to the grower, and indeed, in the long run, to the exporter himself. Now, Sir, there is no infallible remedy for the ills which, in common with other agriculturists, the Arab and the African suffer from. As to what particular remedy will suit a particular set of conditions is a matter of opinion. We know ourselves that we have tried several devices in India for obtaining the minimum price but with indifferent success. The Zanzibar Government, after at least three enquiries, came to the conclusion that the arrangements now incorporated in the revised Clove Growers Decrees were best suited for their particular conditions. We told the Zanzibar Government that in our opinion the objective could be attained in other ways. The Zanzibar Government thought that their plan was more effective. Now, I want to ask you whether our objective being the same we should have carried the disagreement as to the methods of carrying out that objective to the point of retaliation. Could we ask another Government to abandon their economic plan at our bidding? Would we do the same ourselves? And is the plan of the Zanzibar Government unprecedented, as has been said in certain quarters? If one looks around in the world, one finds similar methods of controlling important commodities being adopted in several countries. Leaving aside the totalitarian States of Germany, Italy and the Soviets, what do we find in some of the other countries? In the United Kingdom, for example, under the Agricultural Marketing Act, the scheme may provide for the sale of a product only to or through the agency of the particular board. In Czechoslovakia the State Central Association fixes the buying and selling prices for cereals and purchasers are forbidden to sell to parties other than the Association. I have got very little time left and cannot, therefore, give details. In France it is the same, in New Zealand there is a similar provision. So that the measures which the Zanzibar Government have adopted are not the exception but I am afraid are becoming the rule. Knowing that the Zanzibar Government were committed to their economic programme what did we do? We told them in January, "If you are not prepared to give way on the question of method to be adopted to attain the objective in view, you must not neglect the interests of the Indians". We said, "All right, if you must do this; but remember that the Indian has been settled in Zanzibar for 100 years. He has built the clove trade. Do not simply brush aside his interests", and we asked that on the whole machinery of the clove control Indians should get adequate representation. There was a certain amount of opposition to that. We stuck firm and finally we obtained every one of the alternatives that we asked for. Seldom in our negotiations with other parts of the overseas Empire have we obtained as satisfactory a response as we obtained from the Zanzibar Government.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member has only one minute. The time limit in this case is peremptory.

Mr. M. S. A. Hydari : I shall leave my Chief to finish our case. Indians in Zanzibar are now being encouraged not to use any of the facilities obtained for them in regard to the issue of purchasing licences, the issue of export licences, the overlooking and participation in the whole machinery of the Clove Growers' Association, simply because an idea is abroad that all that they have to do is to non-co-operate in the new arrangements to get those arrangements cancelled. Do those who are giving this advice realise what harm they will be doing to the very people whose interests they seek to safeguard? Sir, in this connection, let me read one extract from a telegram which we have received.

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member's time is up.

Sir Muhammad Yamin Khan (Agra Division : Muhammadan Rural) : I have heard the speech of the Honourable the Mover of the adjournment motion as also that of the Government Member. The latter's speech is unfinished and I think that that will be elucidated by another Member on those points which have been left over. One thing which I could not understand from the speech of the Honourable the Mover of the motion is when he said that the Indians have been settled in Zanzibar for the last 150 years. If they have been settled in another country for 150 years, how can he call them Indians?

Mr. S. Satyamurti : Ask the Englishmen ! They have been here for more than 200 years.

Sir Muhammad Yamin Khan : Do people who have been living in Zanzibar for the last 150 years owe allegiance to the Government of Zanzibar or do they owe allegiance to the British Crown in India here? That is the point which has to be decided. Either they are Indians or they are not Indians. If they are Indians, then they cannot be taken as having settled in Zanzibar. They must be treated as foreigners having a kind of commerce in Zanzibar, just like our friends here, who are carrying on their commerce. I do not think that Indians, and especially my friend, would be justified in asserting this principle which will go against the interests of India. It really involves bigger issues of moment to this country. If my Honourable friend can put the case on behalf of the Indians who are in Zanzibar that they have got a vested right in Zanzibar simply because they have lived there for 150 years, then my friends sitting here (Pointing towards the European Group) can say, "We have built up the railways, we have built up the commerce of this country and we must stay in this country, we must have an effective voice in the Assembly". (Interruption by some Honourable Members.)

An Honourable Member : They are saying that already.

Sir Muhammad Yamin Khan : They say, but my Honourable friend does not accept it. If he accepts the theory he has put forward as regards those Indians, then he accepts the theory on behalf of these gentlemen also.

[At this stage, Mr. President (The Honourable Sir Abdur Rahim) vacated the Chair which was then occupied by Mr. Deputy President (Mr. Akhil Chandra Datta).]

The point is this. If any foreigner is to be allowed in another country just to build up certain interests and then say that he must

have adequate representation, representation which must be so strong that he must not be in any way in a minority, then, of course, the bigger India, for the sake of a handful of people, will be sacrificed. I do not think that my Honourable friends who have been the champions of the cause that they would not like that India should be ruled for ever by the commercial people from outside—I submit that that point must be borne by them in mind and they should remember that whatever theories, whatever arguments they may be using in favour of the Indians in Zanzibar may be used elsewhere against India. Therefore, I think that the greatest disservice would be done to the cause of India if you champion the cause of the Indians in Zanzibar in this light-hearted manner in this House. We are anxious in this country that our rural population should develop and we should not grudge others also doing the same in order to bring relief to their agricultural population. I do not see how a Government which is dealing with two countries simultaneously can have different sets of rules and morality too. The same Colonial Government which is showing so much concern and sheds crocodile tears for the Arabs in Zanzibar is selling the rights of the other Arabs in Palestine. The same Government cannot blow hot and cold. I have to say to my friends here that they must not be unjust. At the same time, the Colonial Office which has got the destinies of people in its hands should not make two sets of rules, one for Palestine and another for Zanzibar. If they do not allow Indians to have any advantages in Zanzibar they must be prepared not to allow the Jews to have so many advantages in Palestine but if they allow in Palestine, they must safeguard the same interests for the Indians also in Zanzibar. An adjournment motion means a motion of censure on the Indian Government and I do not think that we will be justified in censuring the Government. The Indian Government has done all that they could to safeguard the interests of Indians. They may be in power or they may not be in power. The right and just interests of Indians in Zanzibar must be safeguarded. Although I do not agree with all those arguments that they are Indians, but they are Indian born in any case and those people were the original inhabitants of India and for this reason they should not suffer. They have suffered in Zanzibar because their forefathers came from India and settled down in Zanzibar. Therefore I think it is the duty of every Indian to rise to the occasion and support those brethren who are suffering simply because they are the descendants of Indians. Our point must be to find out from the Government whether they have done whatever they could to get the best interests of Indians safeguarded. I think the Government has been fighting for the Indian nationals and in that case we should support and strengthen the hands of the Indian Government to become more and more strong rather than censure them. If my Honourable friend receives a reply from the Government that they have done all they could to protect the case of the Indians, then he should withdraw this motion of adjournment.

Mr. F. E. James (Madras : European) : I think I detected a certain confusion, which is rare to find, in the speech of Mr. Satyamurti. The speech was directed towards encouraging the Indian community in Zanzibar, whereas it was actually addressed to a motion of adjournment whose purpose, as is well-known, is to censure the Government of India for some delinquency. In this particular case I understand that

[Mr. F. E. James.]

his purpose is to censure the Government of India for their failure to protect the interests of Indians in Zanzibar. I think the House should remember that in continuing this discussion, its whole purpose is not to send a message of good will to Zanzibar but to censure the Government of India for their delinquency in failing to protect the interests of Indians in Zanzibar. Now, what is the gravamen of the charge? The legislation which has recently been enacted in Zanzibar or which has been proposed in Zanzibar falls under two heads. There is first of all certain legislation intended to remove indebtedness and secondly, there is this rather obnoxious legislation in connection with the establishment of a monopoly for the Clove Growers' Association. Now, as far as the legislation dealing with indebtedness is concerned, as a result of the representations made by the Government of India, what has happened is that the Zanzibar Government have agreed to recast the whole of their legislation. Until that recasted legislation is received by the Government of India, I certainly think it is unfair to pass a vote of condemnation in that respect.

Mr. S. Satyamurti : My motion did not cover the Land Alienation Ordinance. I was dealing only with the Clove Growers' Association.

Mr. F. E. James : I will now come to the Clove Growers' Association. The particular thing which is objected to is this monopoly. Personally I dislike monopolies—whether by rail or road. But it is not an unusual piece of legislation. Mr. Hydari has already endeavoured to explain that point. As a matter of fact, this kind of legislation for establishing monopolies, for fixing prices and for licensing merchants and middlemen is a very common feature of post-war legislation in different parts of the world. Even in the conservative United Kingdom—I was looking this afternoon at legislation in regard to the marketing of potatoes—if you transpose the word 'potatoes' for the word 'cloves' and put the whole thing in Zanzibar, Indians in Zanzibar would have exactly the same objection which they now have to the clove legislation. My point is this. It may be obnoxious on economic grounds. But, it is very difficult for the Government of India to object to that Bill on purely economic grounds. It is difficult for us in this Legislature to criticise another legislature in another country which is passing legislation, which we may not agree with but which it may feel necessary to pass to meet the economic necessities of the case. There must, therefore, be other grounds, and I suggest that those grounds must be political. I am going to put forward two main grounds on which it may be objectionable to pass this legislation. Firstly, so far as the statute itself is concerned, it may be racial in character. There is no doubt that many Indians in Zanzibar will be hit hard by this piece of legislation. It must be remembered, however, that among the Indians in Zanzibar, there are three classes. There are the producers, the actual growers; there are middlemen and the money-lenders; and there are the exporters. As far as the producers are concerned, there is not the shadow of a doubt that the whole intention of this Association is to better their lot and they in common with Arab and African producers will benefit from any rise in prices which may result as a result of giving power to this Association to fix prices for purchase. As far as the middlemen and the money-lenders are concerned, it is true that, as originally proposed in the statute, they would suffer; but as a result of the representations that have been made by the Government of India, I think now there is very much less chance

of undue hardship occurring even to this class. As far as the exporter is concerned, there is no reason why his interests should be affected at all.

Now, the other point on which complaint may justifiably be made is that in the body set up to run this machinery for the control of the commodity, the Indian communities have not adequate representation. That is one of the main points on which this Government made representations and I understand that the position is that the Government have succeeded to a very considerable extent in obtaining from the Colonial Office, at practically every stage in the working of the machinery, representation of the Indian community as such. Let the House remember that it is only in respect of the Indian community that the Colonial Office has agreed to any communal representation whatsoever. Therefore, I suggest to the House that the Government has in these summer months made a very definite gain on behalf of the Indian community in Zanzibar in this matter. I believe it is very largely due to the personal efforts of the Honourable Member who is present in the House today and I believe it is also due to representations made personally to the Colonial Office by Sir Muhammad Zafrullah Khan and Sir Girja Shankar Bajpai. Those who know the history of the Colonial Office in regard to questions relating to Indians overseas will realize that, bad as that history has been in the past, at any rate for the first time in India's history as far as its relationships with the Colonial Office are concerned, something very substantial has been obtained from one of the most retrograde departments in the British Government. (Laughter.)

Now, I admit that it is very difficult to estimate the full effect today of these changes. I am quite prepared to admit that these changes may not be adequate; but it is very difficult to say that today. The changes will have to be put into effect and tried before their results can be justifiably estimated. Now when I say that considerable advantages have been gained by the action of the Government of India, I find I am in agreement with a former member of the Congress Party opposite. One of the most distinguished members of that Party said quite recently :

"There will be no racial discrimination in this trade. The Indian trader continues to enjoy a good deal of advantage, though in future the regulation of prices by the C. G. A. will not permit large profits. The Indian has obtained representation on the Licensing Committee and the C. G. A. and the Government of India are certain to intervene if any harm threatens Indian settlers."

That is a statement made by a very distinguished Congressman who sits on the Benches opposite. (Honourable Members : "Name". "Name".) His name is Mr. B. Das. (Laughter.)

Mr. B. Das (Orissa Division : Non-Muhammadan) : I hope you will always support my other Press statements as you have supported this one.

Mr. F. E. James : I cannot guarantee to do that because Mr. B. Das makes many Press statements and they do not always agree with one another. (Laughter.) Now I am free to admit, and I am in agreement with Mr. Satyamurti, that there is one omission which I stressed when this matter was discussed last year, and which was stressed also by other speakers more qualified to speak than myself, viz., the tremendous importance of direct representation of the Government of India in Zanzibar itself. I echo Mr. Satyamurti's question as to what is being done about it

[Mr. F. E. James.]

These gains, which I believe may prove to be substantial, ought to be consolidated in the coming months. I believe they can only be consolidated in the coming months if in Zanzibar itself there is someone, some accredited representative of the Government of India, who will not only be a liaison between the Government of India and the Colonial Office in Zanzibar, but will also be a guide and a help to the Indian community in that protectorate. Everybody in this House has the utmost possible sympathy with the difficulties in which Indians there are placed. They have to face entirely new circumstances. That community, as every community overseas, needs guidance, advice and leadership. Much of what has happened would not have happened if, a year ago, a representative of the Government of India had been established in Zanzibar. I am prepared to agree with the Government of India when they say that in the best interests of Indians in Zanzibar this scheme should be given a trial. But that, to my mind, is not quite enough. I would like them to go on to say, "if you will do that, we will send someone as our representative to help and to see that you have a fair deal at the hands of the administration in Zanzibar".

The last point I wish to mention is this. In giving this advice with the utmost possible sincerity, there still remains the question of the embargo. That is, it is true, a weapon of considerable force. I believe it is a weapon which should only be used as a very last resort. At this juncture, is it a weapon which we should advise the Government of India to use today? Would it not be better to keep that in reserve, if unhappily it should be required; and in the meantime....

Mr. Deputy President (Mr. Akhil Chandra Datta): The Honourable Member has got only one minute more.

Mr. F. E. James: to advise the community in Zanzibar to try these improvements that have been obtained in the clove situation, to await the recasting of the legislation regarding indebtedness, and to urge on the Government of India to use all the resources in its power and to send to Zanzibar, as urgently as possible, its own accredited representative. (Applause.)

Dr. Ziauddin Ahmad (United Provinces Southern Divisions: Muhammadan Rural): Sir, we heard the maiden speech of the Honourable the Secretary with great interest and I congratulate him on his first effort. He mentioned his case very lucidly and brought out all that the Government of India did in this particular matter. I think he admitted himself, and we all agree, that the Government did not achieve all that they wanted. Naturally, as an Indian, we would like that Indian interests should be safeguarded in every country, but looking into the facts we find that we have been comparatively more successful in Zanzibar, and we should frankly admit that the efforts of the Government of India have resulted in success, though not to the extent that we would like to see. We should congratulate the Member and the Secretary. We ought to consider the facts rather more closely. We notice that the prices of cloves had fallen very rapidly. In the year 1923-24 the price was 19; it fell in the year 1933 to 4.92, an enormous fall; and we also noticed that other countries also came into the scene. Previously Zanzibar had a monopoly but later on Madagascar and also the Dutch East Indies competed in the clove market.

Therefore, the Zanzibar clove-growers were affected in two ways. First, the price had fallen enormously, to such an extent that the primary producers could not really get the price of their labour, and secondly there was foreign competition coming in from these two countries which I have just mentioned. On account of these facts the condition of the clove cultivators was enormously effected. As the prosperity of the Island depends entirely on clove industry it was the duty of the Zanzibar Government to safeguard the interests of the cultivators. At that time the Government took executive action and subsequently the matter was investigated by Mr. Binder whose report I have now got before me. Mr. Binder did not recognize the interests of the Indians at all. But the Government of India fought the Indians' case and they got success at least on four points. In the first place, on the Clove Growers' Association they succeeded in getting two Indians out of seven members. These Indians will be nominated in consultation with the Chamber of Commerce. Thus the Indians in Zanzibar who are in a minority there, being only 15,000 against 187,000 were given fairly good share. The second they achieved was that 2 Indian members out of 6 were appointed on the Advisory Committee and I think a proportion of one-third cannot be regarded as inadequate. The third achievement was that the Indians who were permitted to purchase cloves in December 1933 before the original Clove Growers' Association Act was passed were automatically employed as purchasing agents and whatever rights they enjoyed prior to 1933 were also recognised. The fourth point they achieved was that they appointed a Sub-Committee consisting of 2 members, one of whom will be an Indian. These are four points of great importance which the Government of India secured by fighting their case against the Colonial Government. The Government of India does not deserve censure for all their efforts and successful results. Though their success may not be very great, still it must be said that they have achieved some success in this particular matter.

We are an agricultural country and we appreciate the necessity of safeguarding the interests of primary growers. All the Indians here have been fighting, irrespective of the party to which they may belong, that we ought to protect the interests of the primary producers. And this is perfectly right because if the interests of the primary producers are not adequately safeguarded in the matter of prices, in the matter of land alienation and in other matters, it is impossible for the industry to prosper. (Mr. K. Ahmed: "What is the proportion of the Indian growers there?") It was already pointed out by the Honourable the Secretary of the Department of Education, Health and Lands. Indians are practically interested in the distribution of cloves. They are moneylenders and merchants. It is the duty of every country to safeguard the interests of the primary producers and this is just what the Zanzibar Government has done. We cannot possibly blame the Zanzibar Government for protecting the interests of their primary producers. There is a well-known Persian proverb which says:

"Har chi bar khud ma pasandi bar digaran ma pasand."

It means: what you do not like for yourself, do not choose that thing for others. If we in India are anxious to safeguard the interests of the primary producers, I think we should not blame Zanzibar Government for safeguarding the interests of their primary producers. What we want is that

[Dr. Ziauddin Ahmad.]

the interests of the Indians, who are mostly working as middlemen, should also be safeguarded and by the action that the Government of India have taken this object has to a large extent been achieved. Of course, no country can ever be expected to give Indians a majority vote in the Clove Growers' Association or in the Advisory Committee. But I think a share of 2 out of 6 and 1 out of 2 in the case of the Advisory Committee Sub-Committee ought to be considered a very reasonable share. That being the case, the Indian Government deserve our appreciation and certainly they do not deserve any vote of censure. After all, the action was taken by the Zanzibar Government to safeguard the interests of the primary producer and the Indian Government did their level best to safeguard the interests of the Indians who are not primary producers but who are merely concerned with the subsequent processes of the trade. I only hope that their efforts will be successful in other countries.

The Honourable Kunwar Sir Jagdish Prasad (Member for the Department of Education, Health and Lands) : Sir, as a somewhat comparative stranger to this Assembly, I hope it would not be regarded as presumptuous if I take this opportunity of congratulating Mr. Hydari on the ability and moderation with which he has put forward the Government case. I should also like to take this opportunity of acknowledging my deep debt to him for the great assistance which he and Mr. Bozman, the Deputy Secretary in the Department, have given me during the negotiations concerning the Clove Legislation in Zanzibar.

Sir, it is unfortunate that for the second time I appear before this House as a defendant.

Mr. M. A. Jinnah (Bombay City : Muhammadan Urban) : This shows that the House has taken more interest in you.

The Honourable Kunwar Sir Jagdish Prasad : I am somewhat at a handicap because some of the most important documents are by their nature secret and I cannot place them before this House in my defence. I have the further disadvantage that one of the most eloquent accusers, one whose diatribes and criticisms and anathemas are to come has chosen to speak last and therefore it will not be possible for me to answer his arguments.

Mr. Bhulabhai J. Desai (Bombay Northern Division : Non-Muhammadan Rural) : It is quite wrong.

The Honourable Kunwar Sir Jagdish Prasad : If this is wrong, I should have waited though I know it would be a great presumption on my part to assume even for a moment that I should have been able to answer his arguments.

Now, I assume that in the political jurisprudence of Honourable Members opposite, the Government of India, as at present constituted, must be presumed always to be guilty even if at times it can prove itself to be innocent. It is also presumed that the Government of India can never do right and that the Opposition can never do any wrong, at least as long as they are in opposition. Now, why are we going to be censured? What is it that we have done to deserve a censure on the part of my Honourable friends opposite? The problem before the Government of

India was that here was another Government which had to deal with an economic problem caused not only there but in many places by the slump in prices. Here were Africans and Arabs, nearly 200,000, who depended entirely on the growth of cloves. The prices had fallen and they had got into debt. The Government after great deliberation came to the conclusion that a monopoly was the only economic solution. I agree that there can be differences on this point. The Government of India itself suggested that in their opinion this was not the best solution of the problem. But, as Mr. Hydari has said, could I or the Government of India on this economic question where the issue was between free trade and State control thrust free trade down the throat of another Government when we ourselves have doubts. I have yet to learn that my Honourable friends opposite are free traders. I have read with some interest the speeches of my Honourable friend, Mr. Satyamurti, and the other day I read that when he or his Party are in power in the Centre, one of their items will be the nationalisation of key industries. I think I am correct in making that statement. Could I or could the Government of India say that the Zanzibar Government must follow a policy of allowing the traders to do what they pleased as against the growers whose interests they professed to protect. I know that there can be a difference of opinion on that point. I hope Honourable Members opposite will agree that we would have been on very weak ground to threaten a trade war on the issue between State control and free trading in cloves. What we could say and what we did say was that if you are going to have some control, about which we have considerable doubts, we must see that that control is exercised in a way not to damage or injure the interests of our countrymen who have been there for over 100 years and whose labour and whose enterprise and whose money have done so much for the clove trade. We said that unless their interests are protected and unless there are sufficient safeguards, we shall make the most stubborn fight that it is possible for us to do. What was the result? The result was that after very protracted negotiations, after great effort—I wish to assure Honourable Members that it was not an easy thing—that after great effort, and I may here say with the strong and constant support of His Excellency the Viceroy, we were able to secure from the Colonial Office certain safeguards. What are these safeguards? The safeguards are that in the Board which controls the clove trade, out of seven, there shall be two Indians. In the sub-committee of two, there shall be one Indian. On the Advisory Committee, there will be two Indians out of six members. I am sure that if my Honourable friends had crossed over from that side to this, they would have regarded the concessions which we have obtained not as a surrender, but as a vindication of Indian rights. I shall show in a moment that this is correct. My Honourable friend, the Leader of the Opposition, when discussing the South African question in March last asked, Do the Government know what a moratorium means? Have they got the most elementary knowledge of economics as to the hardship that it will cause to creditors. Well, Sir, what has happened in a province next door? The orders are that all collection of arrears of rent should be suspended, that all ejectments should not take place, that certain process of law shall for the time being be suspended by executive orders. I am at this stage not criticising, but I am only giving an illustration. Its significance, I am sure, can be explained by my Honourable friend, Sardar Jogendra Singh, unless he has been so hypnotised that all power of

[Kunwar Sir Jagdish Prasad.]

resistance has disappeared. (Laughter.) This is what the Honourable the Leader of the Congress Party said about a moratorium and this is exactly what is being done in a neighbouring Province. As to the period of that moratorium, I have yet to see how long it will last. Then, my Honourable friend when speaking about South African Bills said in one of his most contemptuous tones, Does the House believe that the efforts of the Government of India will have the slightest effect on the South African Government? Can anybody for a moment fail to realise that these two Bills will be passed? May I tell my Honourable friend that the two Bills which he thought—I shall be glad to quote his own words to refresh his memory—would be passed, had not been passed. I presume that Honourable Members probably think that because they were able to carry through that adjournment motion in the House, that was probably the reason why the Bills were withdrawn.

Some Honourable Members : Yes, yes.

The Honourable Kunwar Sir Jagdish Prasad : That only confirms my belief and the belief of many of my Honourable friends here that there is no limit to the self-complacency of some Honourable Members opposite. It is all so easy to criticise and say, allow free trading, do not do anything for the growers. Well, Sir, what is agrarian reformation in the United Provinces is perhaps agrarian anarchy and exploitation in Zanzibar. That being the position what is it that we are asking the people in Zanzibar to do? We are saying, please give this new arrangement a trial. You have had this Clove Growers' Association which was formerly a subsidised commercial body and it is now no longer a profit making Association. We have said give this a trial and see what happens. Then if we find that you are right and we are wrong—we have not committed ourselves that we will not re-open this question, all that we say is that here after great difficulty and much effort, we have been able to obtain a settlement which we think is likely to safeguard your interests, we think that we have done the best we could do, and I want to tell my Honourable friends here that I do not stand here in sack cloth and ashes as a penitent, for what I have done. I have done my best for the people of Zanzibar. I have learnt with the greatest regret that the Indians there have decided to boycott the clove trade. I very much regret that this decision has been taken. I have unchallengeable evidence that if this course is persisted in, the trade may definitely disappear from the hands of Indians. I implore the Indians there, and I wish this House to join me, to give the scheme a trial. I will conclude with one remark, because I do not know what my Honourable friend, the Leader of the Opposition, is going to say, but I hope that his criticisms and his diatribes will be as dis-associated from fact as they were in regard to the South African question, that they will be more in the nature of a conjecture and speculation. I think that is all I have to say on this subject.

Mr. F. E. James : What about the Agent?

The Honourable Kunwar Sir Jagdish Prasad : We quite recognise, we agree with Mr. James and others that it is essential to have an Agent in East Africa. We have been pressing this point, we have brought it to the notice of the Colonial Government, at this stage the matter is still one of negotiation, but I can assure Honourable Members that we have

not for a moment lost sight of the importance of this matter. I will not take any more time. It is a matter of some regret to me that after all the efforts that we have made, the only reward which my Honourable friends opposite are prepared to give us is to censure us for our sincerity and for what we have done. My Honourable friend, Mr. Satyamurti, asks me to defend the interests of Indians as if I was in need of this advice.

I have nothing more to say except to hope that the House will reject this vote of censure, if I have been able to convince them that we have done our best in the circumstances in which we are placed. (Applause.)

Mr. Bhalabhai J. Desai : Mr. Deputy President, I wish to be acquitted of the charge that I wanted to follow the speaker representing the Government who has just resumed his seat. I wish to assure him even though I may be accused of vehemence, that that vehemence is born of at least the same sincerity which he claims for himself. If that is a charge against me, I plead guilty to it all the time. As to diatribes, I hardly understand its propriety. If a just criticism of the measures of those who are now the irresponsible Government of this country indulged in from time to time is so-called diatribes, then Honourable Members might well conceive the correct position. I will take the trouble of enunciating the correct position so that he may not feel that there is any malice behind it or it is personal to him or to those Honourable friends of his whose services he extolled. That is not the issue before the House. I remember my Honourable friend, Jinnah, on a very memorable occasion pointed out to the Government representatives here that this is the constitutional means of expressing our view, that is to say the view of the House that our interests were not properly safeguarded to the extent to which they should have been either by those who are present here or by the Secretary of State. I think this assumption asserts that they are in sackcloth and ashes. I have never seen a sackcloth on them though I believe I have seen many in the yard in which I was for a year, being punished with sackcloth for a jail offence of a most trivial character, for displeasing the Jail Superintendent for not salaming him. So I am one of those who understand what sackcloth is; you only understand it allegorically from the Bible. Therefore I will remind him that this sort of personal appeal is entirely inappropriate to the occasion and is not called for. Let us argue this in a spirit of understanding each other, not in the spirit of my friend Sir Yamin Khan who said, "Oh, if Indians have settled in Zanzibar they are not Indians". I believe, at all events, neither Sir Jagdish nor his deputy would ever subscribe to such a dishonourable proposition. For indeed if that were true there were no effort needed to protect their interests at all. I am sure they will tell him when they go out of the House, whatever the vote, "Save me from my friends!" The true issue is this. This is not a motion, (though it happens to be in the name of Mr. Satyamurti), of any particular party. This is no motion of caste or creed or colour. This is certainly a motion for the protection of Indian nationals without reference to caste, creed or colour. For let it be remembered, and I have taken the trouble to examine it, that the Indian National Association of Zanzibar counts amongst its members a majority of those who profess the Islamic faith. It is a matter of regret to me that our advocates here, those who are expected to be our advocates, are now trying to be the advocates of the Zanzibar Government,—a sorry spectacle indeed! Whatever you may do in your own country or in your province, you may

[Mr. Bhulabhai J. Desai.]

take the proper occasion to object to their policy if you can. To say that my advocate has got the most he could for the Indian national because the arguments of the opponents were too strong, and he could get nothing more,—that I can appreciate. But it is no use saying, “I have done my best and I have done my sincere best, and what is this you are doing?” That is not the proper way to appeal to the dignity of the House, in an important matter of this kind. What we say is this that we stand for the interest of the nationals of India, those nationals of ours who are in Zanzibar. And it goes without saying that they have been settled there not merely for a hundred years but history has it that even Vasco da Gama took up an Indian pilot in order to find his way to the Indian shores. But that is merely the historical background of the issue. He must be apprised of the fact that if they thought these things were going to lead to a solution of the position of the Indians there, they would not have lightly undertaken what he thought was a very imprudent measure. Even at this very moment I have a telegram from the Indian National Association, which counts the largest number of Mussulmans amongst its members, intimating to me this :

“Third week of Satyagraha passed peacefully community firm stop C. G. A. devised novel method unpopularising and eliminating agent by licensing non-dealer growers paying them prices *plus* commission for their cloves thereby inducing direct sale C. G. A. stop This tactic clear index its final ulterior motive. Community eagerly awaits your decision of this House.”

If this appeal does not appeal to you but personal diatribe of this kind is going to appeal to you, I leave you to your judgment.

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

What is the situation today? Up to 1934 what happened? Were there no periods of depression before 1934, no fall in the prices of cloves? And is it not known to those who negotiated this that up to that year Indians, Europeans, Arabs, Africans all lived in amity until our friends the C. G. A. and their unholy predecessors came on the scene? The Standing Committee on Emigration pointed out that this was the proper occasion for the use of the instrument which my Honourable friend, Mr. James, at all events does not condemn but recommends a very cautious use of. After all he has got two eyes in this matter, and we have one single concentrated attention on our brethren abroad; so that we may take his advice with a grain of salt. But we must certainly accept his admission as regards propriety of the embargo on trade. Even this morning an Honourable Member on that side got up and moved a motion for a Bill for restricting or regulating the import of certain articles into India. I wish he had then remembered that there was something much more important than the somewhat useless measure which he was getting the honour of moving this morning. He might have remembered that the Standing Committee on Emigration in July recommended that an embargo on the clove trade into India would be a measure of effective value for the purpose of this Association. For what is the good of saying, “I have done my best” if I have the power to do better? I do not blame Sir Jagdish Prasad or his associates. But supposing the Government of India is a subordinate Government, supposing the Secretary of State does not support you, is not there some power in you, like the measure that you

moved for other articles, which you might certainly have thought of without reference to any other power, in order that you may bring about a measure for effective relief of Indians. Remember that half of the clove export of Zanzibar is the export into this country. It is an article of luxury. I do not think the Honourable Member knows it because his ways and habits of life are somewhat different to those who know it. It is for those that we are speaking; and I can assure him that it is not a motion by the Congress; it is not a motion by any individual sitting here or there; it is not a motion by a Hindu or a Mussalman. It is a motion on behalf of and for the protection of Indian nationals. So remember that no excuse of any kind stands in the way of protection of our nationals if we are to be honest to them. They have resorted to passive resistance and they appeal to you that if you carry a measure of this kind and an embargo was laid on the clove trade, their difficulties would be solved. And who suffers by this? It is no use telling them, “Oh, my friends, you have carried on your trade for a hundred years, but the Government of India have done their best and I advise you to please give up your satyagraha.” They are prepared to suffer and pay the penalty, and I can assure you that justice is on their side. To try to break the satyagraha which has been carried on for three weeks by means which I have read out does not redound to the credit of the experiment of associating with the C. G. A. or by whatever other name it may be called. You may be quite sure that a fighting speech from Government was not required on this occasion. They ought to have realised that we are trying to pass this vote in order to assist and strengthen them, if they were to bring in a Bill for putting an embargo on cloves into this country. Such a vote will have prepared the way for it. Instead of that, we are met only by this as a sort of *argumentum ad hominem* for somebody who was in this place here carrying on some measures of relief in his Province where the Congress is in power. Is that a question in that particular part of the world between an Indian national and a non-Indian national? But that distinction is an item of no importance, of no consequence whatever when it comes to an argument. It is a great pity, Sir, that the Government of India should have been an advocate for the oppressive measures issued in the name of the Sultan of Zanzibar but really carried out by the Resident, and therefore by the Colonial Office. The real dispute is,—it is no use concealing the fact,—the real struggle is between the Secretary of State who is trying to protect Indian nationals' interests without much bothering about it, and the Colonial Office which is trying to protect the C. G. A. and everybody who stands behind it. The vote of censure if passed will be duly conveyed to the Secretary of State, and no person sitting on the other side can flatter himself that it is he who either failed or succeeded for the simple reason that they are unnecessarily subjected to the orders of the Secretary of State. Therefore, my regret is that it should have been taken in a personal light of this kind. And as regards the matter of acquisition of landed properties in Zanzibar, there are two answers I make.—first as regards Indians owning property there. The number of trees is a somewhat misleading business. I do not think my friend ever counted the number of pine trees in Simla,—I hope he has not,—anyway it will be a useful occupation seeing the kind of things in which he indulges. But the fact remains that a Commission presided over by the Chief Justice of Zanzibar have come to the conclusion that

[Mr. Bhulabhai J. Desai.]

the Indians have only owned, after a settlement of 100 and odd years, 6½ per cent. of the clove trees, and of the mortgages 13½ per cent. So let there be no delusion created by the use of words like thousands and lakhs, for I do not know how many multi-multi-millions of trees exist in this country, but that is not the kind of argument I expect from the representatives of the Government on an important question like this. I was hoping that they would have said—'If you pass this, it will strengthen our hands so that those who are now carrying on the struggle at their sacrifice may preserve what they have enjoyed for 150 years.' It is not a question of protection against free trade. It is another delusion from which some Honourable Members suffer. Then what is the C. G. A.? An association in which there is no clove grower, but it is still called a Clove Growers' Association,—there is no Arab or African on it,—but only Englishmen. Have they transformed themselves so quickly as to become both a grower, an African and an Arab? And it is said solemnly in this House that it is a question of protection against free trade. No, it is a question of spoliation and expropriation, because it is not the Arab who is going to gain, it is not the African who is going to gain; the only persons who are going to gain are the C. G. A. and those who are behind them. Sir, I support this motion.

Mr. M. A. Jinnah : Sir, I speak on this question with a certain amount of diffidence. I listened to the speech of the Leader of the Opposition, and as I understood him, his strongest point was,—British interests are exploiting Indian—I am not going to enter into various controversies over small matters,—but the question is whether the Government deserved our censure with regard to their policy and the action which they have adopted with regard to Zanzibar Indians.

Mr. M. Ananthasayanam Ayyangar (Madras ceded Districts and Chittoor : Non-Muhammadan Rural) : What is the Government?

Mr. M. A. Jinnah : Of course, the Government of India. Now, the question before the House is, I repeat, whether the Government of India deserve a vote of censure for the policy they have adopted and the action they have taken in this matter. I was going to say that in the speech of the Leader of the Opposition there was only one point which required consideration, and I want the Government to clearly explain that to the House. His point was that there is some foreign interest, viz., British—I see the Honourable Member opposite is smiling.....

The Honourable Kunwar Sir Jagdish Prasad : I merely wanted to tell my friend, Mr. Jinnah, that there is no foreign interest involved, none at all.

Mr. M. A. Jinnah : The suggestion is, and I want to make it quite clear,—if I am a little blunt I hope the House will excuse me,—the implication is that British interests are behind this, and the scheme which the Government of India have accepted is going to help them to exploit the Indians in Zanzibar.

The Honourable Kunwar Sir Jagdish Prasad : I say categorically here that there is no question of any British interests at all in the clove trade in Zanzibar.

Mr. Bhulabhai J. Desai : Is there an Arab, or an African on the Clove Growers' Association?

The Honourable Kunwar Sir Jagdish Prasad : The Clove Growers' Association is a Government organization. (Interruptions.) If my friends will have a little patience, I want to reply to my friend, Mr. Jinnah, in regard to his very pertinent question whether British interests are involved in this matter or not. That is the question that Mr. Jinnah has asked,—and I say categorically that the vast majority of growers are Arabs and Africans, that the middlemen and the traders are Indians, and there is no question of any British interests in it at all.

Mr. Mohan Lal Saksena (Lucknow Division : Non-Muhammadan Rural) : Are there any Africans other than the Clove Growers' Association?

Mr. M. A. Jinnah : I am very glad that I have excited the interest of the House. The position really is this. As I said, I really speak with a certain amount of diffidence, and I have not yet been able to gather from all the literature that I have had the opportunity of seeing that there is any British interest which will gain and which will be able to exploit Indians. I have got the fullest sympathy for our countrymen in Zanzibar. We are not dealing here with Islam or Hinduism. We are not concerned with the fact whether they are Mussalmans or Hindus or Parsis or Christians. For my purpose, so far as this issue is concerned, it is enough that they are Indians, and if their interests are not safeguarded by the Government of India, I shall be the first to support this motion and walk into the lobby on the opposition side. But the question is this and I have not been able to gather from any literature that there is on the subject that the British over there have any real interest in this trade, so far as this trade is concerned and further whether the terms of the agreement will enable them to exploit Indians.

Mr. Bhulabhai J. Desai : There is plenty of literature on that.

Mr. M. A. Jinnah : I stand corrected, but let me tell you that I have not been able to get any coherent statement to satisfy me at least *prima facie* that the British interests will gain.....

Mr. S. Satyamurti : What about that Association?

Mr. M. A. Jinnah : It is no use calling it an association.

Mr. S. Satyamurti : It calls itself; I don't call it.

Mr. M. A. Jinnah : Association does not mean British; it may mean an Association of Indians, Arabs and Africans and two officials.

Mr. S. Satyamurti : It is not so.

Mr. M. A. Jinnah : As I said, I have got no data for the allegations of the Congress Party. (At this stage there were interruptions from the Congress Party Benches.) It is no use merely saying an Association, this, that and vague things. I want definitely and categorically to be stated here with facts and figures why it is suggested that the British will be able to exploit.....

Mr. S. Satyamurti : They have got a majority there.

Mr. M. A. Jinnah : I will listen to anybody who will satisfy me on that point.

Mr. M. Ananthasayanam Ayyangar : There is the Book which has been circulated by the Imperial Indian Association.

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member must not be interrupted.

Mr. M. Ananthasayanam Ayyangar : I am only giving him information, Sir.

Mr. M. A. Jinnah : I think it is really no use always bringing in certain racial considerations of this character in season and out of season. It is no use exciting the people by catch words in this way. We must really examine the facts. It may be that the Honourable Member in charge of the Government of India is making a statement which you may say is not true. You may say that the Honourable Secretary, speaking with all the responsibility behind him, is making a statement which is not true. You may say to me, "You have not read all the literature properly". But as far as I have been able to gather—I cannot go beyond that—I have not been satisfied yet. I will come to the point whether the Government have done well or have done bad, but so far as this issue is concerned, I am not satisfied that there is any foundation for these allegations.

Now, then, the next question is this. I agree that there are two classes or three classes, namely, the growers on the one hand, the traders and middlemen and money-lenders the second class, and the exporters on whose behalf nobody has yet said a word in this House, and I think they can take care of themselves—and there is really the clash of interest between the growers and the middlemen, the trader and the money-lender. I quite see that the Government of Zanzibar or the Colonial Office, which is finally responsible, when realized the conditions of oppression and hardships which well nigh ruined the poor growers—they suddenly woke up and when they woke up they started with cloves straightaway, it being the main product. It, of course, naturally affected, and affected at once the vital interests of the traders and the middlemen who have been there for 100 years and who have, if I may say so, rightly or wrongly, enjoyed the exploitation. But even when people have exploited other people or other communities,—when you come upon them suddenly, of course, they do not like it, and suddenly if you come down upon them with drastic measures, it will be highly wrong, and, therefore, you have to proceed cautiously and carefully and see that the minimum measures are adopted by which you do not drastically give wholesale relief to the growers and destroy the traders and the middlemen wholesale. The first Board that was established in 1934 was undoubtedly likely to affect Indian interests in a drastic manner, as I described, at the expense of the traders, and drastic relief might have been given to the growers at the cost of Indians, and that is the issue upon which the Government of India have fought and fought. And now I do not think that they have given away anything yet. I do not think that anything is finally settled, and now we have got an elaborate scheme, a scheme which, as far as I can follow it, is at any rate intended to safeguard the interests of the Indians fairly without in any way prejudicing the objective, namely, that relief must be given to the growers as far as possible. That is how I understand, and that is the policy of the Zanzibar Government. Every Government is certainly entitled to deal with its economic question in the best way it can. Why should we introduce in this matter—a great deal of interested and one-sided literature that has been flung at us and thrown at us in various ways, and, of course, as the Honourable Member knows, and we shall realise this more and more—believe me, when certain interests are trampled upon, they will get up propaganda and they will do the utmost in their power to sway this Legislature one way or the other, and we have to steer clear of that danger and not fall into the trap. While,

as I say, I wholly sympathise with the Indians in Zanzibar, while I shall be the last person to do anything which will unduly prejudice their interests or be detrimental to their vital interests, I think, so far I am not convinced that there is going to be a serious prejudice or such a detriment to their interests that we should pass a vote of censure against the Government for having accepted this provisional scheme.

May I say one more word, and I finish. I would certainly ask the Honourable Member in charge with all the earnestness that I can command that the very communiqué that you have issued and the very objects that you have laid down,—and you have impressed not only this House but the country at large that, so far as the best interests of the Indians are safeguarded if this scheme is carried out in its true spirit and letter. Now, in order to avoid mis-understanding, we feel, and I think we rightly feel, that Government have been guilty so often, the Government of India have been guilty so often, they have done so many wrong things that, believe me, with all my judicial mind, with all the reasoning that I can command, it is very difficult for me to support you even when you are right, because people do not believe Government. (Laughter.) And let me tell you, it is really your duty, it is the duty of the Government of India that they must send some agent in Zanzibar so that we may get from time to time authoritative information, authoritative statement—not only that, and I agree with Mr. James—not only that, but in order to see that this agreement is carried out, which is far more important, in its letter and spirit; we require an able, efficient representative of the Government of India to guide, to help and to stand by the Indian community in Zanzibar.

Some Honourable Members : Let the question be now put.

Mr President (The Honourable Sir Abdur Rahim) : The question is that the question be now put.

—The motion was adopted.

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

"That the Assembly do now adjourn."

The Assembly divided :

AYES—52.

Abdul Qaiyum, Mr.
Aney, Mr. M. S.
Asaf Ali, Mr. M.
Ayyangar, Mr. M. Ananthasayanam.
Banerjee, Dr. P. N.
Bhagavan Das, Dr.
Chaliha, Mr. Kuladhar.
Chaudhury, Mr. Brojendra Narayan.
Chettiar, Mr. T. S. Avinashilingam.
Chetty, Mr. Sami Vencatachalam.
Chunder, Mr. N. C.
Das, Mr. B.
Das, Pandit Nilakantha.
Datta, Mr. Akhil Chandra.
Desai, Mr. Bhulabhai J.
Dehnmukh, Mr. G. V.
Gadgil, Mr. N. V.
Govind Das, Seth.
Gupta, Mr. K. S.
Hans Raj, Raizada.

Hosnani, Mr. S. K.
Jedhe, Mr. K. M.
Jogendra Singh, Sirdar.
Joseph, Mr. George.
Kailash Behari Lal, Babu.
Lahiri Chaudhury, Mr. D. K.
Lalchand Navalrai, Mr.
Maitra, Pandit Lakshmi Kanta.
Malaviya, Pandit Krishna Kant.
Mangal Singh, Sardar.
Misra, Pandit Shambhu Dayal.
Mudaliar, Mr. C. N. Muthuranga.
Muhammad Ahmad Kazmi, Qazi.
Paliwal, Pandit Sri Krishna Dutta.
Pande, Mr. Badri Dutt.
Parma Nand, Bhai.
Raghubir Narayan Singh, Choudhri.
Ramayan Prasad, Mr.
Ranga, Prof. N. G.
Rao, Mr. Thirumala.

Saksena, Mr. Mohan Lal.
Sant Singh, Sardar.
Santhanam, Mr. K.
Satyamurti, Mr. S.
Sham Lal, Mr.
Sheodass Daga, Seth.

Singh, Mr. Gauri Shankar.
Singh, Mr. Ram Narayan.
Sinha, Mr. Satya Narayan.
Som, Mr. Surya Kumar.
Sri Prakasa, Mr.
Varma, Mr. B. B.

NOES—66.

Abdul Ghani, Maulvi Muhammad.
Abdul Hamid, Khan Bahadur Sir.
Abdullah, Mr. H. M.
Abdur Rasheed Chaudhury, Maulvi.
Ahmad Nawaz Khan, Major Nawab Sir.
Ahmed, Mr. K.
Aikman, Mr. A.
Azhar Ali, Mr. Muhammad.
Bhagechand Soni, Rai Bahadur Seth.
Buss, Mr. L. C.
Chanda, Mr. A. K.
Chapman-Mortimer, Mr. T.
Dalal, Dr. R. D.
Dalpat Singh, Sardar Bahadur Captain.
DeSouza, Dr. F. X.
Essak Sait, Mr. H. A. Sathar H.
Fazl-i-Haq Piracha, Khan Bahadur Shaikh.
Fazl-i-Ilahi, Khan Sahib Shaikh.
Ghiasuddin, Mr. M.
Ghulam Bhik Nairang, Syed.
Gidney, Mr. C. W. A.
Griffiths, Mr. P. J.
Grigg, The Honourable Sir James.
Hydari, Mr. M. S. A.
James, Mr. F. E.
Jawahar Singh, Sardar Bahadur Sardar Sir.
Jinnah, Mr. M. A.
Joshi, Mr. N. M.
Kamaluddin Ahmed, Shams-ul-Ulema.
Kushalpal Singh, Raja Bahadur.
Lloyd, Mr. A. H.
Mackeown, Mr. J. A.
Manavedan Raja, Rao Bahadur K. C.
Mani, Mr. R. S.

Mehr Shah, Nawab Sahibzada Sir Sayad Muhammad.
Mehta, Mr. S. L.
Mudie, Mr. R. F.
Murtuza Sahib Bahadur, Maulvi Syed.
Nagarkar, Mr. O. B.
Naydu, Diwan Bahadur B. V. Sri Hari Rao.
Ogilvie, Mr. C. M. G.
Parsons, Lieut.-Colonel A. E. B.
Purcell, Mr. R. S.
Bahman, Lieut.-Colonel M. A.
Rajah, Raja Sir Vasudeva.
Row, Mr. K. Sanjiva.
Roy, Mr. S. N.
Scott, Mr. J. Ramsay.
Sen, Mr. S. C.
Shahban, Mr. Ghulam Kadir Muhammad.
Sher Muhammad Khan, Captain Sardar Sir.
Siddique Ali Khan, Khan Sahib Nawab.
Sircar, The Honourable Sir Nripendra.
Sivaraj, Rao Sahib N.
Shade, Mr. M.
Spence, Mr. G. H.
Staig, Mr. B. M.
Stewart, The Honourable Sir Thomas.
Sultan Ahmed, The Honourable Sir Saiyid.
Thorne, Mr. J. A.
Tylden-Patterson, Mr. A. E.
Umar Aly Shah, Mr.
Yakub, Sir Muhammad.
Yamin Khan, Sir Muhammad.
Zafar Ali Khan, Maulana.
Ziauddin Ahmad, Dr.

The motion was negatived.

The Assembly then adjourned till Eleven of the Clock on Tuesday, the 24th August, 1937.

LEGISLATIVE ASSEMBLY.

Tuesday, 24th August, 1937.

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

MEMBER SWORN.

Mr. John Charles Lang, M.L.A. (Bengal : European).

STARRED QUESTIONS AND ANSWERS.

(a) ORAL ANSWERS.

FIGHTING WITH THE TRIBES IN THE NORTH-WEST FRONTIER.

40. *Mr. T. S. Avinashilingam Chettiar : Will the Defence Secretary state :

- the money spent in the North-West Frontier in fighting the tribes in this year ;
- the casualties suffered ; and
- the effect of these operations and the latest position in the Frontier ?

Mr. C. M. G. Ogilvie : (a) This part of the question should have been addressed to the Honourable the Finance Member. I understand, he will reply a similar question tomorrow.

(b) From the 17th February, 1937, when the present operations commented, upto the 17th August, 1937, Government forces suffered 588 casualties, of which 169 were killed and 419 were wounded.

(c) As a result of the operations, the Tori Khel Wazirs, whose hostility was the cause of these operations, have sued for peace. Hostile forces of tribesmen, who in May of this year numbered several thousands, have now diminished to small bands of almost negligible proportions. At the moment no active operations are in progress and the troops are largely employed in the construction of new roads required to improve the communications in the area.

Mr. T. S. Avinashilingam Chettiar : May I know whether there were any fresh causes of action for beginning these hostilities against the Frontier tribes ?

Mr. C. M. G. Ogilvie : Yes.

Mr. T. S. Avinashilingam Chettiar : May I know what they were ?

Mr. C. M. G. Ogilvie : I shall require notice of that. I can then answer the question in full.

Mr. Abdul Qaiyum : Will the Honourable Member please let me know what is the percentage of the British and the Indians in the casualties suffered?

Mr. C. M. G. Ogilvie : I shall require notice of that. I cannot tell the Honourable Member off-hand.

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member wants some figures. The Member in charge has not got them with him. Surely he ought to have notice.

Mr. F. E. James : I understand that a White Paper on the subject of the Frontier operations was made available to the Members of the House of Commons. Will a similar paper, White or otherwise, bringing the situation up-to-date be supplied to the Members of this House?

Mr. C. M. G. Ogilvie : The matter will be considered.

Mr. Abdul Qaiyum : Will the Honourable Member let me know the number of British killed and wounded if he cannot give me the ratio?

Mr. C. M. G. Ogilvie : I am afraid I cannot carry all these figures in my head. But speaking subject to possible correction hereafter, I think I can remember the number of British officers killed. It is either 15 or 17. The number of Indian officers killed, I think, was seven but I am not sure about it. As regards other ranks, I cannot say off-hand except that Indian other ranks lost more heavily than the British.

Pandit Lakshmi Kanta Maitra : With regard to part (a), may I inquire if it is a fact that these military operations in the Frontier have been causing the Indian tax-payer one lakh of rupees a day?

Mr. C. M. G. Ogilvie : I think that is approximately correct.

Maulvi Abdur Rasheed Chaudhury : May I inquire who is the leader of the tribesmen against whom this expedition has been sent?

Mr. C. M. G. Ogilvie : I am not sure whether the Honourable Member means the leader in the field or the inspirer of the rebellion. The leaders in the field, I should say, were many and I can probably obtain the names of some of them. The inspirer of the rebellion was the Faqir of Ipi.

Pandit Lakshmi Kanta Maitra : May I know if, before starting these military operations, any opportunity was given to these leader to come to some sort of settlement with the Government?

Mr. President (The Honourable Sir Abdur Rahim) : If the Honourable Member wants any further information, he should give notice. The questions put down on the paper have been answered as clearly as possible, but if further information is wanted, notice of such question must be given.

Mr. Babbar Chavhan : In view of the statement made in the pamphlet which has been circulated to us on the defence, will the Honourable Member be pleased to say if the negotiations that were started according to that pamphlet have ended in any conclusion?

Mr. C. M. G. Ogilvie : I can tell the Honourable Member nothing at present.

Mr. T. S. Avinashilingam Chettiar : In view of the Government's answer to part (c), may I inquire whether the object of the fight has been achieved?

Mr. President (The Honourable Sir Abdur Rahim) : That is a very big question.

Mr. C. M. G. Ogilvie : At the present stage I cannot add to the answer I have already given to that question.

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

RETRENCHMENT IN THE HOME DEPARTMENT.

41. ***Mr. T. S. Avinashilingam Chettiar :** Will the Honourable the Home Member state :

- whether, in view of law and order being transferred to the provinces under the new constitution, except for the centrally administered areas, the work of the Home Department has lessened;
- if so, whether the staff of the Home Department has been retrenched; and
- if so, what is the amount of retrenchment in the personnel and in expenditure?

Mr. J. A. Thorne : (a) That is by no means our experience.

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

Sardar Sant Singh : May I inquire, Sir, in what way the work of the Home Department has been increased since the inauguration of autonomy in the provinces?

Mr. J. A. Thorne : I may assure the Honourable Member that the work of the Home Department has been increased in various directions, but I cannot, in the course of an answer to a supplementary question, give much detail.

Mr. T. S. Avinashilingam Chettiar : Is it not a fact that under the scheme of the provincial autonomy law and order has been completely transferred to the provinces?

Mr. President (The Honourable Sir Abdur Rahim) : That is what the Honourable Member has said.

MASONIC LODGES IN THE CENTRALLY ADMINISTERED AREAS.

42. ***Mr. Sri Prakasa :** Will the Honourable the Home Member state :

- if it is a fact that institutions called Masonic Lodges exist in the centrally administered areas;

(b) if he is aware that these are secret institutions and indulge in elaborate ceremonial and ritual of a mysterious nature, and

(c) whether Government have made sure about the *bond fides* of such institutions, and if necessary, do they propose to take action against them under the Criminal Law Amendment Act with a view to their suppression and abolition?

Mr. J. A. Thorne : (a) I believe so.

(b) I have no knowledge of the tenets and rites of these institutions.

(c) The Government have had no occasion to consider the desirability of the action suggested.

Mr. Lalchand Navalrai : May I ask, Sir, if it is possible for the Honourable Member to know about their secrets when they pledge that they will not give the secrets?

Mr. J. A. Thorne : That is an argument.

Sardar Sant Singh : May I know if this institution enjoys any Government patronage?

Mr. J. A. Thorne : That is surely a separate question ; but I am not aware that it does.

Seth Govind Das : Do the Government not think it advisable that it is necessary to employ C. I. D., to find out the secrets of this institution?

(No answer.)

Mr. Sri Prakasa : In view of the fact that these are secret institutions and also in view of the fact that there is a suspicion in the minds of many of us that they plot against the country, will the Government get proper information about their work by asking the C. I. D. to get into their meetings and find out exactly what they do? So far as I know, they are very dangerous institutions.

Mr. President (The Honourable Sir Abdur Rahim) : Next question. The Honourable Member must remember that there are a number of questions which have to be answered, and, if these are not answered in the House, there will be no verbal answers at all. It is not fair to other Honourable Members that their questions should be shut out.

Mr. Sri Prakasa : These are secret institutions and I only want to know whether some steps will be taken against them.

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member could move a Resolution to that effect.

SUPPLY TO THE POLICE OF FULL PARTICULARS ABOUT GUESTS STAYING IN INDIAN HOTELS IN DELHI.

43. *Mr. Sri Prakasa : (a) Will the Honourable the Home Member state if it is a fact that Indian hotels in Delhi are required to supply to the police full particulars about their guests which they seek to obtain from the guests themselves?

(b) If so, under what law is this done ; and under what law is the guest bound to give the information required by the hotel?

(c) Is it a fact that visitors to hotels run on the European style, like Maiden's or Imperial, are exempt from this ; or is the law equally applicable to and enforced on them?

Mr. J. A. Thorne : The information is being obtained from the Chief Commissioner, Delhi, and will be laid on the table in due course.

Mr. S. Satyamurti : When was the question received, when was the Chief Commissioner addressed, and why is there so much delay in getting this information?

Mr. J. A. Thorne : The question was received only a few days ago and as soon as it was received an express letter was sent to the Chief Commissioner, Delhi.

Mr. Sri Prakasa : I sent the question to the Assembly Office on 15th July. In case the Chief Commissioner says this is not a fact, will the Honourable Member take it from me that it is a fact?

Mr. S. Satyamurti : If the Government are not prompt in getting the answers, then no supplementary questions can be put. It looks, as if they want to avoid supplementary questions.

Mr. President (The Honourable Sir Abdur Rahim) : In one or two cases, I have seen that Government have found it very difficult to collect information, but I think in most of these cases, the Government are in a position to give the answers. Whether the Rule ought to be amended or not to suit the convenience of the Government, that is not for me to say. The Government themselves will take due notice of the matter if they find that it is not possible to collect the information in every case within the period of notice allowed for a question.

Mr. S. Satyamurti : The first fruit of the new Rules!

Mr. Sri Prakasa : If the Chief Commissioner says that the facts are as stated in the question, will Government ask him to stop the practice?

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member must wait till the answers are got from the Chief Commissioner.

PUBLICATION GIVING THE GOVERNMENT'S APPRECIATION OF PUBLIC EVENTS IN INDIA.

44. *Mr. Sri Prakasa : Will the Honourable the Home Member state :

(a) if it is a fact that the annual publication giving the Government's appreciation of public events in the country of every twelve months ending two years earlier has been stopped ;

(b) what was the last year about which such annual review was prepared and when was the same published ; and

(c) if it is a fact that the earlier Government of India Act made such publication incumbent on Government and that the Act ceased to have effect in the provinces only on March 31, 1937,

and is still in force so far as the Central Government is concerned, and whether Government propose to continue to publish such reviews till the point of time up to which the Act was enforced, either wholly or in part ?

Mr. J. A. Thorne : (a) and (c). Yes. The report was submitted to Parliament by the Secretary of State for India under the provisions of sub-section (3) of section 26 of the old Government of India Act. Since 1st April, 1937, there is no obligation on the Secretary of State to submit such a report to Parliament.

(b) The last report, for the year 1934-35, will it is hoped be published in India shortly.

Mr. Sri Prakasa : Is it not a fact that the old Act continues in force in the Centrally Administered Areas and would not the Government consider the desirability of giving a certificate to themselves every year so far as the Centrally Administered Areas are concerned ?

Mr. J. A. Thorne : I think I am right in saying that the administration reports of the Centrally Administered Areas are published.

Mr. President (The Honourable Sir Abdur Rahim) : Before Mr. Badri Dutt Pande puts his question No. 45, I may inform him that he has more than five questions in his name, and only five questions will be orally answered.

Mr. Badri Dutt Pande : In that case, I will put question No. 46.

Mr. President (The Honourable Sir Abdur Rahim) : They have to be put in their order.

SUPERSESSION OF MESSRS. BAKHLE AND HANDS AND IMPORTING OF A CERTAIN OFFICER IN THE HOME DEPARTMENT.

45. ***Mr. Badri Dutt Pande :** (a) Will the Honourable the Home Member state if Messrs. Bakhle and Hands were superseded, and why a certain officer was imported into the Home Department from the Railway Department ? Has he been placed in charge of the Federal Railway Bill ?

(b) Is it a fact that the Reforms and Political Departments are under special officers and establishments ?

(c) With the advent of Provincial Autonomy, have the powers of the Central Government under section 33 come to an end ?

(d) With the devolutions of work, vide (b) and (c), what is the necessity of having still a Secretary, a Joint Secretary, a Deputy Secretary and two Under Secretaries in the Home Department ?

Mr. J. A. Thorne : (a) No officer was superseded. The officer appointed to officiate as Joint Secretary was considerably senior to either of the officers mentioned. The answer to the last part of the question is, I understand, No.

(b) and (d). The Reforms Office has been a separate office for many years. There has been no devolution of work from the Home Department to the Political Department. I regret to say that the officers of the Home Department still find more than enough work to do.

(e) Section 33 of the old Government of India Act is no longer in force.

Pandit Lakshmi Kanta Maitra : Is it not a fact that Mr. Hands has been shoved out of the Home Department ?

Mr. J. A. Thorne : That is news to me.

Mr. S. Satyamurti : Is there any examination, by any outside authority, as to the adequacy or otherwise of the staff of the Home Department, or are they their own judges ?

Mr. J. A. Thorne : I think they themselves know where the shoe pinches.

Mr. Sri Prakasa : The Honourable Member stated that the old Act is no longer in force. May I know how we are functioning in this House then ?

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

INSULT TO AN INDIAN I. C. S. OFFICER IN THE CENTRAL PROVINCES.

46. ***Mr. Badri Dutt Pande :** Does the Honourable the Home Member know if two Europeans insulted an Indian I. C. S. officer in the Central Provinces recently by not allowing him to enter a first class railway compartment, for which the I. C. S. officer held a ticket ? If so, has any action been taken by Government to bring these Europeans to book ?

Mr. J. A. Thorne : I do not know why the question has been addressed to the Home Department. However, I have ascertained that two passengers refused to allow another gentleman entry into the compartment which they occupied, alleging that it was reserved. The question of proceeding against the two passengers under the Indian Railways Act is, I understand, under investigation by the local police authorities.

Seth Govind Das : When will they finish this investigation ?

Mr. J. A. Thorne : The Government of India are not making any investigations.

Seth Govind Das : Are the Government aware that the whole of the Indian side of the Indian Civil Service in the Central Provinces are keenly watching what the Railway Department is going to do and under those circumstances, will the Government of India instruct the Railway Department to expedite this enquiry and publish the results as early as possible.

Mr. J. A. Thorne : The Home Department has no authority to instruct the Railway Department.

Sardar Sant Singh : Will the Honourable Member inform this House about the results of the enquiry ?

Mr. J. A. Thorne : That should be addressed to the representative of the Railway Department.

Mr. Lalchand Navalrai : The Honourable Member simply said 'two passengers'. Were they Europeans ?

Mr. J. A. Thorne : I believe they were.

Seth Govind Das : Were these two gentlemen Members of the Indian Civil Service ?

Mr. J. A. Thorne : No, Sir.

Mr. S. Satyamurti : When did this incident take place, and what is the reason for this prolonged delay ?

Mr. J. A. Thorne : I have answered this question as a matter of courtesy to the House because it was addressed to the Home Department, but the Home Department is not really concerned with this and if any further information is required, the Railway Department should be addressed.

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member cannot go on giving further information. The question ought to have been addressed to the Railway Department. Next question.

PRISONERS CONVICTED OR DETAINED FOR POLITICAL OFFENCES UNDER THE CHARGE OF THE GOVERNMENT OF INDIA.

47. ***Mr. Badri Dutt Pande :** Will the Honourable the Home Member state as to how many prisoners who have been convicted or detained for political offences still remain under the direct charge of the Government of India ?

Mr. J. A. Thorne : Apart from the 321 Bengal detenus confined at Deoli, there are three persons confined as State Prisoners under Regulation III of 1818.

As regards convicts, the number of terrorist prisoners in the Cellular Jail at Port Blair is 283. I have not the information for other Chief Commissioners' provinces but am collecting such information as it will be possible to obtain.

Pandit Lakshmi Kanta Maitra : Where are these three State Prisoners kept ?

Mr. J. A. Thorne : Two of them are in the Naini Central Jail and one in the Bareilly Jail.

Mr. Badri Dutt Pande : Will these State Prisoners be released ? Are their cases being reviewed ?

Mr. J. A. Thorne : They are periodically under examination.

Mr. Mohan Lal Saksena : When were they reviewed last and by whom and with what result ?

Mr. J. A. Thorne : I want notice.

MARTIAL LAW PRISONERS OF THE GARHWALI REGIMENT.

48. ***Mr. Badri Dutt Pande :** Will the Defence Secretary state if there are still in prison any of the Martial Law prisoners of the Garhwali Regiment who refused to shoot their unarmed countrymen in Peshawar ? If so, how many ? Where are they located ?

Mr. C. M. G. Ogilvie : Seventeen Indian other ranks of the 2nd Battalion, 18th Royal Garhwal Rifles, were convicted by General Court

Martial of Mutiny in June, 1930. They had refused to proceed to Peshawar City when ordered to do so. Two still remain in prison, and are located in the Central Jail, Bareilly.

Mr. Mohan Lal Saksena : When is their release due ?

Mr. C. M. G. Ogilvie : The cases are reviewed annually by His Excellency the Commander-in-Chief, and as far as I remember, the next date for review is October. Whether they will be released or not then I cannot say.

Mr. Muhammad Azhar Ali : Is there any regular rule or regulation to judge the time that they have to remain ?

Mr. C. M. G. Ogilvie : Yes, the amount of sentence to which they were ordered, one to a sentence of transportation for life and one to 15 years. Various others were sentenced to lesser terms.

Pandit Lakshmi Kanta Maitra : What is the period of remission they are entitled to ?

Mr. C. M. G. Ogilvie : I imagine that they earn remission in the ordinary way under the ordinary jail rules.

Mr. Badri Dutt Pande : What class are they given at present ?

Mr. C. M. G. Ogilvie : I am unable to say that.

Mr. Badri Dutt Pande : Will the Honourable Member please inquire ?

Mr. C. M. G. Ogilvie : Yes, certainly.

Mr. Badri Dutt Pande : Can they be interviewed ?

Mr. C. M. G. Ogilvie : I presume the ordinary rules of interview apply to them.

GRANT OF A FIFTH MEAL TO THE BRITISH ARMY IN INDIA.

49. ***Mr. Badri Dutt Pande :** Will the Defence Secretary inform the House :

(a) as to why a fifth meal has been granted to the British Army in India ; and

(b) what is the extra cost involved ?

Mr. C. M. G. Ogilvie : (a) The Honourable Member is not exactly correct in the assumption underlying this part of the question. British soldiers receive part of their rations in kind and part in the form of a daily money grant. This daily allowance has now been raised from 3½ annas to 4½ annas a day, and the result is that the soldier will in future have to pay one anna a day less from his own pocket to supplement the ration he receives from Government.

(b) Rs. 12.4 lakhs per annum.

Seth Govind Das : What was the reason for this increment in the daily allowance ?

Mr. C. M. G. Ogilvie : It was considered that what they were getting was insufficient.

Seth Govind Das : When was it increased ?

Mr. C. M. G. Ogilvie : Quite recently ; I cannot give the exact date.

Seth Govind Das : Are Government aware that the prices of food-stuffs have gone down and there was no need to increase this daily allowance ?

Mr. C. M. G. Ogilvie : As far as I know, the prices of the foodstuffs which the British soldier likes to eat are not going down.

Sardar Sant Singh : Was any reduction made in the allowance when the rates went down between 1930 and 1934 ?

Mr. C. M. G. Ogilvie : As far as I know, no.

Pandit Lakshmi Kanta Maitra : Was this initiative taken by the Defence Department or on the representation of the soldiers themselves or on the result of any inquiry or recommendation from any other body ?

Mr. C. M. G. Ogilvie : The improvement was given as part of a general scheme for improving the lot of the British soldier in India and in order not to discourage recruitment.

Sardar Sant Singh : May I know if during the days when the rates were very high, e.g., in 1924-25, the allowances which they enjoyed before this increment were the same ?

Mr. C. M. G. Ogilvie : I think, exactly the same.

†50*.

MILITARY POSITION ON THE NORTH-WEST FRONTIER.

51. ***Mr. S. Satyamurti :** Will the Secretary for Defence Department be pleased to state :

- (a) the latest military position on the North-West Frontier, as between the Government and the Frontier Tribes ;
- (b) the number of weeks that have elapsed since the operations began, and the expenditure in men and money on the operations up to date ;
- (c) whether Government have proposed to the tribes, or intend proposing to the tribes any terms of honourable and peaceful settlement without affecting their freedom and independence ; and
- (d) whether they propose to revise their policy by taking the leaders of the people of the Frontier Province into confidence, and open negotiations with the Frontier tribes through them, and if not, why not ?

Mr. C. M. G. Ogilvie : (a) I refer the Honourable Member to the reply I have just given to part (c) of starred question No. 40.

†For question No. 50 and reply thereto, see page 436 of these debates.

(b) I refer the Honourable Member to the reply I have just given to parts (a) and (b) of the same question.

(c) and (d). The terms to be entered into with the tribes and the policy to be pursued in regard to them are being considered by Government and it will not be in the public interest to give information about these matters at present.

Mr. S. Satyamurti : With reference to clause (a), may I know when these Tori Khel tribes sued for peace, and what the present state of negotiations between Government and these tribes is ?

Mr. C. M. G. Ogilvie : The position at present is that the Tori Khel tribe, which started hostilities, have sued for peace, and hostilities, except for isolated encounter with small gangs of irreconcilables, have now ceased. The tribes are now awaiting the announcement of peace terms.

Mr. S. Satyamurti : Have Government made up their mind about the peace terms to be accepted or offered to this particular tribe ?

Mr. C. M. G. Ogilvie : I believe so.

Mr. S. Satyamurti : Have they been sent to them ?

Mr. C. M. G. Ogilvie : No, Sir. They have not yet been announced.

Mr. S. Satyamurti : Apart from this particular tribe, what is the number of tribesmen who are still at war with Government on the Frontier ?

Mr. C. M. G. Ogilvie : I am afraid it is entirely impossible to say, though the number at present is not very great.

Mr. Badri Dutt Pande : Where is the Faqir of Ipi ?

Mr. C. M. G. Ogilvie : I wish the Honourable Member could tell me.

Mr. S. Satyamurti : Sir, I want to submit to you a point of order. My Honourable friend said,—if I heard him aright,—that the actual expenditure on these operations is a question to be put to the Honourable the Finance Member. I am somewhat puzzled by that answer, because I am under the impression that, while the Finance Department is undoubtedly responsible for the finances of this country, the spending departments are responsible for information about expenditure, to be supplied to this House. That has been the practice, and I should like to have your ruling.

The Honourable Sir James Grigg : Sir, I would not like to say anything definite as this question has been brought to my notice for the first time today, and it seems to be one on which there is a misunderstanding between me and some of my advisers. Off-hand I am inclined to agree with my Honourable friend opposite, but I will be glad if he will allow the matter to remain for the time being until it can be cleared up.

Mr. S. Satyamurti : Then will this part of the question stand over ?

Mr. President (The Honourable Sir Abdur Rahim) : Very well.

Mr. S. Satyamurti : With regard to clause (c), I know the phrase "public interest" comes in every time I put the question, but may I ask my Honourable friend whether Government have considered offering terms to these tribes in the terms of this question, that is to say, in terms of honourable and peaceful settlement, without affecting their freedom and independence?

Mr. C. M. G. Ogilvie : I am afraid I cannot add to the answer I have already given.

Mr. S. Satyamurti : With regard to the answer to clause (d), are Government considering any revision of their policy in the direction suggested, that is to say, taking the leaders of the people of the Frontier Province into confidence, including Khan Abdul Ghaffar Khan, the man on whom has been removed, into their confidence?

Mr. C. M. G. Ogilvie : I must repeat that I am unable to add anything to what I have said on this subject.

RECRUITMENT TO THE POST OF FINANCIAL ADVISER TO THE DEFENCE DEPARTMENT.

52. ***Mr. S. Satyamurti :** Will the Defence Secretary be pleased to state :

(a) whether it has definitely been decided that the post of Financial Adviser to the Defence Department of the Government of India should be recruited by importing an expert from the War Office in London ; and

(b) if so, the reasons therefor ?

The Honourable Sir James Grigg : With your permission, Sir, I shall reply to this question.

(a) and (b). The post of Financial Adviser, Military Finance, continues to be borne on the cadre of the Indian Civil Service, but as no officer of that Service with the requisite qualifications is at present available it has been decided to appoint an officer belonging to the finance branch of the War Office to fill the vacancy. This does not imply a general decision regarding future appointments.

Mr. S. Satyamurti : For how long is this particular appointment to be made ?

The Honourable Sir James Grigg : Speaking off hand and subject to correction, I think it is for four years.

Mr. S. Satyamurti : May I know if the Honourable Member is aware that the control of Treasury over the War Office in England is less strict than the control of the Government of India over the Military Department here, and whether, in view of that, he has considered the desirability of not introducing new elements of lax control over the defence expenditure in this country ?

The Honourable Sir James Grigg : I did not quite catch the opening part of his question, but I thought he made the assertion that or rather he asked me whether the control of the Treasury over the War Office is less tight than the control here. That is a very difficult question to answer ; there are arguments on both sides, but I do consider that in the

present circumstances the control here is not likely to be weakened by the appointment of this particular officer.

Mr. T. S. Avinashilingam Chettiar : What is his pay ?

The Honourable Sir James Grigg : The ordinary pay of the post.

Mr. M. Ananthasayanam Ayyangar : Are there no junior officers in the department to take the place of the seniors when they retire ?

The Honourable Sir James Grigg : Certainly, we are training up junior officers, but it so happens that at the moment there is no officer available with the requisite qualifications.

Mr. M. Ananthasayanam Ayyangar : Has the junior officer also gone away along with the senior officer in this case ?

Mr. President (The Honourable Sir Abdur Rahim) : You cannot argue in this way.

Mr. M. Ananthasayanam Ayyangar : What has happened to the junior officer in this case ? (After a pause.) I want an answer, Sir.

(No answer.)

Mr. M. Ananthasayanam Ayyangar : I want an answer to my question, Sir.

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member is not in a position to answer. Honourable Members know that as it happens fairly often in Parliament when a Government Member has already replied to a question giving the necessary information in his reply to the original question and thereafter keeps silent, it means that he is not in a position to give any more information.

Mr. S. Satyamurti : Let him say he cannot answer. He cannot remain silent.

Mr. President (The Honourable Sir Abdur Rahim) : That is the parliamentary practice.

Mr. S. Satyamurti : I should be glad, if the parliamentary practice were followed here in all matters.

INSULT TO NATIONAL FLAG BY BRITISH SOLDIERS IN SIMLA AND POONA.

53. ***Mr. S. Satyamurti :** Will the Defence Secretary be pleased to state :

(a) whether his attention has been drawn to two recent incidents, one in Simla and one in Poona, in which British soldiers removed, or otherwise insulted the national flag ; and

(b) whether Government have enquired, or propose to enquire into the matter, and take suitable steps to see that the Indian national flag is respected, and if not, why not ?

Mr. C. M. G. Ogilvie : (a) and (b). I presume that the reference is to the flag of the Congress Party. I have no reason to accept the assumption that British soldiers were involved in the incidents mentioned.

As regards Simla, I understand that the complaint has been filed by the local police as "untraced".

As regards Poona, I have called for information and will lay the result on the table as soon as received.

Mr. S. Satyamurti : What is the answer to part (b) of the question ?

Mr. C. M. G. Ogilvie : As regards Simla, I understand that the complaint has been filed by the local police as "untraced".

As regards Poona, I have called for information and will lay the result on the table as soon as received.

Mr. S. Satyamurti : I am asking, Sir, with regard to the second part of (b)—whether Government have inquired, or propose to inquire into the matter, and take suitable steps to see that the Indian National flag is respected.

Mr. C. M. G. Ogilvie : It does not arise. As far as I am aware, no British soldier, as far as I am aware, has been involved in any incident in which the flag of the Congress party was disrespected.

Mr. S. Satyamurti : Has any inquiry been made, and is my Honourable friend's statement based on the results of that inquiry ?

Mr. C. M. G. Ogilvie : No inquiry has been made by the Government except to find out from the local authorities what had happened in the Simla case. The answer is, as I have stated, that it is "untraced". As far as we know, no British soldier was concerned in it.

Pandit Lakshmi Kanta Maitra : Was any Indian soldier concerned in it ?

Mr. C. M. G. Ogilvie : I have no information.

LACK OF PROPER ARRANGEMENTS FOR TREATMENT AND DIET OF ONE LALA CHAMAN LAL IN THE QUARANTINE STATION, MEERUT.

54. ***Mr. Sham Lal** : Will the Defence Secretary be pleased to state :

(a) whether Government are aware that L. Chaman Lal, late organizer of the Lakshmi Insurance Company at Meerut, living at 19, Gunj Bazar, Meerut Cantonment, was taken ill on the 11th April, 1937 ;

(b) whether he was removed to the quarantine station on the 13th April, 1937, because he was suspected of suffering from plague ;

(c) whether Government are aware that no proper arrangements for treatment and diet were made ;

(d) whether he was there in the quarantine station with his blind mother, and that even his wife was not allowed to go to the quarantine station to look after him ; and there were no other male-relations with Chaman Lal ;

(e) whether it is a fact that he was removed to Rohtak on the 18th April, 1937, and died there on the 20th April ; and

(f) whether Government are prepared to make enquiries as to whether proper arrangements for treatment and diet were made in his case ?

Mr. C. M. G. Ogilvie : The information has been called for from the local authorities concerned and will be laid on the table as soon as it is received.

TAKING AWAY OF THE RAILWAY ADMINISTRATION FROM THE CHARGE OF THE INDIAN MEMBER OF THE VICEROY'S EXECUTIVE COUNCIL.

55. ***Sir Muhammad Yakub** : (a) Will the Honourable the Home Member state the reasons and considerations which resulted in the Railway Administration in India being taken away from the charge of the Indian Member of the Viceroy's Executive Council ?

(b) Will the Honourable the Home Member state the reasons why the new portfolio was not given to the Indian Member, who was in charge of the Railways ?

Mr. J. A. Thorne : I do not quite understand why the question has been addressed to the Home Department. I understand, however, that the decision referred to by the Honourable Member was taken on grounds of administrative convenience and after full consideration of all the relevant circumstances.

Sir Muhammad Yakub : Is it not a fact that the income of the Railways increased every year when the Railways were in charge of an Indian Member ?

Mr. J. A. Thorne : Obviously I cannot answer that.

Sir Muhammad Yakub : May I take it then that because the Railways were showing an increase in their income when an Indian Member was in charge, he was taken away, although he was taking great pains to improve the finances of the Railways ?

Mr. J. A. Thorne : I fear I cannot add to the answer I have already given.

Pandit Lakshmi Kanta Maitra : Who has taken charge of that portfolio ?

Mr. J. A. Thorne : Same answer.

Mr. Lalchand Navalrai : May I know which were those administrative conveniences for which the change was made ?

Mr. J. A. Thorne : I can only repeat that I have nothing to add to the answer already given.

Pandit Lakshmi Kanta Maitra : I wanted to know who has taken charge of that portfolio ?

Mr. President (The Honourable Sir Abdur Rahim) : He has already replied to it.

UNSATISFACTORY CONDITION OF THE ARMY IN INDIA.

56. ***Sir Muhammad Yakub** : (a) Has the Defence Secretary read the speech of General Sir Philip Chetwode, ex-Commander-in-Chief in India, delivered at the recent meeting of the Defence Conference in

London, in which he pointed out the unsatisfactory condition of the army in India and the great dangers to which this country was exposed in case of war ?

(b) Will the Defence Secretary give assurance to this House that the Defence Department has seriously taken in hand the work of improving the army in India, including the Navy and the Air Force ?

Mr. C. M. G. Ogilvie : (a) No. I would be grateful if the Honourable Member could let me know the date and name of the periodical in which the speech was published.

(b) I would refer the Honourable Member to the replies to starred questions Nos. 155 and 605 given in this House by my predecessor during the last Simla Session.

Sir Muhammad Yakub : Is the Honourable Member aware that much water has flown down the bridge since the last Session and that the political conditions in Europe and the Far East are very much disturbed, and therefore we want a fresh assurance from the Honourable Member in this Session.

Mr. C. M. G. Ogilvie : I think that the assurances given by my predecessor in the last Session cover the case even though, as my friend says, conditions may be worse than they were then.

Captain Sardar Sir Sher Muhammad Khan : May I know, Sir, in view of the war clouds in the horizon, is the Government trying to mechanise the army in India ?

Mr. C. M. G. Ogilvie : The Government is endeavouring to mechanise the army to the extent which finances on the one hand and the general needs of India on the other allow.

Maulvi Abdur Rasheed Chaudhury : Will the Army Secretary please assure us that our military strength is sufficient to repulse an attack either by Japan or by Soviet Russia ?

Mr. C. M. G. Ogilvie : The military strength of India is insufficient to repel an attack by any major power, but fortunately for her the Empire is with her.

Maulvi Abdur Rasheed Chaudhury : How is it then that with such a huge strength they could not subdue a few tribesmen in the Frontier in the course of a year ?

Mr. C. M. G. Ogilvie : I wonder if the Honourable Member has ever seen that part of the North-West Frontier in which the troops were operating.

Qazi Muhammad Ahmad Kazmi : Will double the present strength be sufficient to meet an attack from outside ?

Mr. C. M. G. Ogilvie : I am not prepared to answer that off-hand.

Mr. B. Das : Will the Honourable the Army Secretary ascertain from the Department of the Director of Public Information whether such a Reuter's message was published in the Indian press that Field Marshal Sir Philip Chetwode made such a statement in London ?

Mr. C. M. G. Ogilvie : I have heard that the statement was made, but though I have searched for it I have been unable to find it, and if, as I

have said to my Honourable friend, he would tell me where he did find it I would be grateful.

Sir Muhammad Yakub : The message was printed in the *Hindustan Times* and the Honourable Member could have referred the matter to the Department of the Director of Public Information of the Government of India for which the taxpayer pays huge sums every year ?

Mr. C. M. G. Ogilvie : I have done so.

NOMINATION OF MINOR CHILDREN AS INHERITORS BY GOVERNMENT SERVANTS SUBSCRIBING TO THE GENERAL PROVIDENT FUND.

57. **Mr. Sham Lal :** Will the Honourable the Home Member be pleased to state :

- (a) whether it is a fact that Government servants subscribing to General Provident Funds are not authorised to nominate, in the event of their premature deaths, their minor children as inheritors of this money without nominating any one else as their guardians ;
- (b) whether Government are aware that these guardians realise the money from the Government on behalf of minors for the avowed purpose of spending it for them and the minors themselves are often left stranded in pecuniary difficulty thus defeating frequently the object of the Government as well as that of contributors to the General Provident Funds ;
- (c) if these accumulations are not often so big that many Government servants may have them transferred to the Official Trustees of different provinces or Administrators-General of Wills and Estates for distribution of these moneys amongst their children on their reaching the age of majority ;
- (d) if so, whether there is any objection to reserving a specified part of these accumulations of Government servants with the Government themselves for their minor children who may be paid off according to the declaration of the will of subscribers on their reaching the age of majority ; and
- (e) if not, whether any action is intended to be taken in the matter ?

The Honourable Sir James Grigg : (a) The reply is in the negative so far as the new General Provident Fund Rules are concerned. Under the old General Provident Fund Rules, if a subscriber nominated a minor, he was also required to nominate a person who would receive payment on behalf of the minor. It is, however, open to a subscriber to replace such a declaration by one which is in accordance with the new rules.

(b) No. Government have no reason to believe that the guardians whether nominated by the subscriber themselves or appointed by a Court of Law act in the manner suggested.

(c) The labour involved in the collection of information as to the size of individual accumulations in the fund would be wholly incommensurate with the value of the results and in any case I do not see that the mere fact that the amount standing at the credit of a subscriber had reached a certain

size would necessarily lead the subscriber to have it administered by the Official Trustee or the Administrator-General.

(d) and (e). Government are not convinced of the necessity of undertaking to do this work on behalf of the minor children of the subscribers.

158*.

RESENTMENT AMONGST MUSLIMS IN INDIA AGAINST THE RECOMMENDATIONS OF THE ROYAL COMMISSION ON PALESTINE.

59. ***Sir Muhammad Yakub** : (a) Is the Foreign Secretary aware of the intensity of the feelings of the Mussalmans of India against the proposals contained in the report of the Royal Commission on Palestine ?

(b) Does the Foreign Secretary propose to make a representation to the British Government on behalf of the Mussalmans of India to the effect that the proposal recommending the partition of the Holy Land, allotting the rich and productive tracts to the Jews, should not be given effect to, otherwise it would create extremely strong and deep resentment amongst the Mussalmans of India ?

Lieut.-Colonel A. E. B. Parsons : The subject matter of this question is one which is dealt with by the Home Department and....

Sir Muhammad Yakub : Under what rules ?

Lieut.-Colonel A. E. B. Parsons : Under the rules published in this House I believe. And they are, I understand, prepared to answer the question now.

Sir Muhammad Yakub : Will the Honourable the Home Member please answer the question ?

Mr. J. A. Thorne : The feelings of Indian Muslims in this matter have been and will be brought to the notice of His Majesty's Government.

Mr. S. Satyamurti : When was the feeling last brought to the notice of His Majesty's Government ?

Mr. J. A. Thorne : It has constantly been done in periodical reports and other communications.

Mr. S. Satyamurti : With regard to the recent debate in the House of Commons on this matter, when Mr. Winston Churchill's agreed amendment was carried turning down the recommendations of the Palestine Commission, was the opinion of the Muslims of India—why, the Muslims are not the only persons concerned—of the feeling of Indians—I do not accept the view that it is a question only for Muslims in India—was the feeling of the people of this country communicated to His Majesty's Government ?

Mr. J. A. Thorne : Do you mean before the debate ?

Mr. S. Satyamurti : Yes.

*For question No. 58 and reply thereto, see page 436 of these debates.

Mr. J. A. Thorne : Yes. As I said, it has been constantly communicated.

Mr. S. Satyamurti : With reference to the matter now pending before the League Council as to the future of Palestine, in view of the recommendations of the Royal Commission, was the opinion of India communicated to the League Council ?

Mr. J. A. Thorne : I cannot say what was communicated to the League Council because there is not a direct channel between India and the League Council, but I should say certainly that that must have been so.

Mr. S. Satyamurti : Was anything communicated to the Secretary of State for India, for being communicated to the League Council, in respect of the feeling of this country on the proposed partition of Palestine ?

Mr. J. A. Thorne : I am not aware that recently there has been any specific demand for information from His Majesty's Government and therefore, I cannot say that any specific occasion has been availed of to communicate the feelings of Indian Muslims, but the fact remains that those feelings are constantly communicated.

Sir Muhammad Yakub : Have the Government of India received any reply to their representation made to the Secretary of State for India on this subject ?

Mr. J. A. Thorne : I have not said that any representations were made.

Sir Muhammad Yakub : You said that you have made them informed of the feelings of the Muslims of India. Have the Government of India received any response, any enquiry, any reply, or any further enquiry from the Secretary of State for India on this subject ?

Mr. J. A. Thorne : No.

Maulana Zafar Ali Khan : India being a member of the League of Nations and as she is represented by a certain gentleman or two gentlemen on the League, the proposal to partition Palestine must have been placed before the League. Was the view of the Indian Muslims ever put forward before the League by their representatives ?

Mr. J. A. Thorne : I am afraid I have not followed the question.

(At this stage both Maulana Zafar Ali Khan and Mr. Abdul Qaiyum stood in their seats.)

Mr. President (The Honourable Sir Abdur Rahim) : Only one Honourable Member can put a question at a time. Mr. Abdul Qaiyum.

Mr. Abdul Qaiyum : Are the Government of India going to take up an attitude in consonance with the wishes of the Indian people when the matter comes up before the League ?

Mr. J. A. Thorne : I think that is hypothetical. I cannot say what the Government will do in certain circumstances.

An Honourable Member : Surely the Government must have made up their mind.

Maulana Zafar Ali Khan : Was India represented at the League or not, India being a member of the League ?

428

LEGISLATIVE ASSEMBLY.

[24TH AUG. 1937.]

Mr. M. S. Aney : Will the Government

Mr. President (The Honourable Sir Abdur Rahim) : One question has been put and before it is answered another cannot be put.

Maulana Zafar Ali Khan : My question is whether India's views were represented at the League of Nations or not, India being a member of the League, on this matter.

Mr. J. A. Thorne : The main question contains no reference to the League of Nations and if the Honourable Member wants information of this kind I must ask for notice.

Sir Muhammad Yamin Khan : Who is responsible for not making representation of the Indian views in the League of Nations when India is a member of the League of Nations ?

Mr. President (The Honourable Sir Abdur Rahim) : There is no reference to the League of Nations in the question, and the Honourable Member is unable to answer questions relating to it.

RESTORATION OF MOSQUES IN THE POSSESSION OF GOVERNMENT TO MUSLIMS.

60. ***Maulana Zafar Ali Khan :** Mosques under the sacred law of Islam being Waqf property which is inalienable and cannot under any conceivable circumstances be transferred to any body for mundane purposes, will the Honourable the Home Member inform the House whether the Government proposes to restore such mosques as are in their possession to their rightful trustees, the Mussalmans, and if so, when ?

Mr. J. A. Thorne : The question presumably refers to mosques in the possession of the Central Government. If the Honourable Member has any particular mosque in mind I suggest that he should address a specific question about it to the Department concerned.

Maulana Zafar Ali Khan : The Department concerned is the Home Department ?

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member can find that out for himself.

RESTRICTIONS AGAINST THE ENTRY INTO INDIA OF CERTAIN INDIANS.

61. ***Maulana Zafar Ali Khan :** (a) Will the Honourable the Home Member be pleased to state when and under what authority the following gentlemen were proscribed from entering India :

- (1) Maulana Muhammad Ubaidullah Sindhi ;
- (2) Maulana Mansur-ul-Ansari ;
- (3) Raja Mohindar Partap ;
- (4) Mr. Rash Behari Ghosh ;
- (5) Sardar Ajit Singh ?

(b) Will the Honourable the Home Member be pleased to state whether it is the intention of Government to remove the restrictions imposed upon their entry in India ?

Mr. J. A. Thorne : (a) and (b). In regard to the first named I would invite the attention of the Honourable Member to the reply given by Sir Henry Craik to Haji Abdoola Haroon's question No. 16 on the 26th January last. No application for facilities to return to India has been received from this man. Of the other persons mentioned only two have applied for and been refused such facilities at any time. One of these is Mahendra Pratap Singh whose case was dealt with very fully in the replies given in this House on the 6th April, 1935, to Pandit Paliwal's question No. 1599 and the supplementary questions thereon, to which I have nothing to add. The other is Rash Behari Bose who has become a Japanese subject.

RURAL RECONSTRUCTION AND ASSISTANCE TO CIVIL AUTHORITIES BY THE INDIAN ARMY.

62. ***Mr. S. Satyamurti** (on behalf of Mr. M. Asaf Ali) : (a) Will the Defence Secretary please state what steps have so far been taken with reference to paragraph 7 of Part IV Army of " A Summary of Important Matters concerning the Defence Services in India, 1935-36 " relating to rural reconstruction and assistance to the civil authorities by the Indian Army, and what results have been obtained ?

(b) Do officers and soldiers who retire or who go on leave report themselves to the civil authorities and offer their services for assistance in the work of rural reconstruction ?

(c) Have Government considered that officers and soldiers who are not on field or any other active duty should be placed at the disposal of civil authorities for assistance in the work of rural reconstruction in different provinces ?

(d) Have Provincial Governments been addressed by the Government of India on this subject and are they in possession of the full details of the scheme a summary of which appears in paragraph 7 of the summary referred to above ?

(e) If the reply to part (d) be in the negative, why has it not been done, and if it be in the affirmative, will the Defence Secretary furnish to the House a summary of the views of Provincial Governments on the subject ?

Mr. C. M. G. Ogilvie : (a) I would refer the Honourable Member to paragraph 43 of " A Summary of Important Matters concerning the Defence Services in India, 1936-37 ", which has recently been issued to Honourable Members.

The subject now forms part of the educational curriculum for the Indian Army and Roman-Urdu editions of two Manuals have been issued on a wide scale.

(b) The endeavour of the Army is to train officers and soldiers so that on their retirement they may put into practice what they have learnt and be an example to others. There can be little doubt that if the civil authorities require the assistance of retired officers and men, it will be volunteered.

(c) It is neither feasible nor practicable for soldiers to be placed at the disposal of the civil authorities for this purpose as their whole time is required for training in their military duties.

(d) Yes.

(e) Does not arise.

Mr. Mohan Lal Saksena : Are the copies of the two manuals referred to in the Library ?

Mr. C. M. G. Ogilvie : I am not sure, but I can make them available.

INCREASE IN THE NUMBER OF CERTAIN CRIMES IN DELHI.

63. ***Mr. M. Asaf Ali** : (a) Has the attention of the Honourable the Home Member been drawn to the fact that for the last two years or so the number of crimes of violence, particularly stabbing and offences against property, including mischief to property, cheating and theft, has been on the increase in Delhi ?

(b) Is the Honourable Member aware that the increase referred to in part (a) is believed to be due to the influx of a large number of persons from outside, and the press has been suggesting the adoption of drastic measures for combing out suspects ?

(c) What steps, if any, do Government propose to afford the population of Delhi the protection which they demand ?

Mr. J. A. Thorne : (a) and (b). The figures for 1936 show a decrease in the types of crime referred to, except in respect of theft and serious mischief. But there is reason to believe that Delhi is frequented by bad characters from other provinces who are responsible for some of the crimes now committed.

(c) A proposal to extend the United Provinces Goondas Act, 1932, to Delhi is now under the consideration of the Government.

ATTENDING OF A PUBLIC ENTERTAINMENT BY THE SENIOR SUPERINTENDENT OF POLICE, DELHI.

64. ***Mr. M. Asaf Ali** : (a) Is the Honourable the Home Member aware :

(i) that on Sunday, the 25th July, 1937, the Senior Superintendent of Police, Delhi, accepted and attended a party arranged and given in his honour in a certain part of Delhi by certain persons in the name of the residents of that municipal ward ;

(ii) that a counter demonstration took place in the same ward and about the same time the same day, and certain persons attacked the said demonstrators with *lathis*, and a number of the latter received injuries, including a knife wound ; and

(iii) that allegations of indifference by the Police have been made at a number of public meetings held in different parts of the town, which have been reported in the press ?

(b) If the reply to parts (a) (ii) and (iii) be in the affirmative, have Government taken steps to ascertain the truth and the cause of the trouble,

and have they taken steps to deal with the instigators and perpetrators of the offences complained of ?

(c) If the reply to part (a) (i) be also in the affirmative, have Government called for an explanation from the Senior Superintendent of Police, Delhi, for accepting and attending a public entertainment held in his honour against Rule 3, in Appendix No. 2 of the Manual of Rules relating to Government Servants' Conduct ?

Mr. J. A. Thorne : (a) My information is as follows :

On the 24th July some Hindus of Delhi City invited Mr. Scott, the Senior Superintendent of Police, to a tea party. Certain persons belonging mainly to other parts of the city, who were for some reason or other hostile to the hosts, organised a meeting near the place at which the party was held and jeered at the hosts and their guests. The meeting was attacked and broken up by some of the spectators and few persons received minor injuries. Later in the day, some of the hosts were assaulted and molested in various ways. Attempts were made to make political capital out of this incident and at various meetings speakers made personal attacks on Mr. Scott and alleged that he had organised the interference with the original meeting.

(b) The facts are believed by Government to be as I have stated. Government are prepared to leave the Chief Commissioner to deal with the matter.

(c) The information we have received does not show that the party was a public entertainment : there is, therefore, no question of a breach of the Government Servants' Conduct Rules.

Mr. M. Ananthasayanam Ayyangar : What about the alleged indifference of the police ?

Mr. J. A. Thorne : I have given the House all the information I obtained in answer to the question put and I am afraid I cannot add to it.

Mr. Mohan Lal Saksena : What is a public entertainment as distinguished from a private entertainment ?

Mr. J. A. Thorne : I cannot undertake to define that.

Mr. M. Ananthasayanam Ayyangar : Has the Honourable Member any information as to what the police were doing when *lathi* charges were being made by other persons or on residents of Delhi who organised this entertainment ?

Mr. J. A. Thorne : I understand from the information as we have received it that the allegation is not admitted.

Mr. Bhulabhai J. Desai : How was the answer given, without understanding the distinction between a public and a private entertainment, that this was a private entertainment ?

Mr. J. A. Thorne : I did not say that there was no distinction ; and given sufficient time I could elaborate the point ; but the information we have received is that this entertainment was of the nature of a private one rather than a public one.

Mr. Bhulabhai J. Desai : In what sense was it understood to be a private one ? I am not asking for a general definition.

Mr. J. A. Thorne : I do not think I can add to what I said. I have no information as to who exactly were present at the party nor the

details that would be necessary before one could say whether any particular definition was completely fulfilled, but the Chief Commissioner's report is to the effect that the party was not a public one but of a private nature.

Mr. Bhulabhai J. Desai : Do I understand that the answer is withdrawn that it was a private one, in the absence of sufficient information ?

Mr. J. A. Thorne : Not at all.

Mr. M. Ananthasayanam Ayyangar : Is it not a fact that the entertainment was arranged on behalf of the citizens of a particular ward in the Delhi municipality. Was this party given in the name of the residents of a particular ward ?

Mr. J. A. Thorne : I cannot say whether the invitations were issued in the name of the residents of a municipal ward but I should think it unlikely.

Mr. Mohan Lal Saksena : Is it not a fact that you said just now that the party was given by the Hindu residents of the ward ?

Mr. J. A. Thorne : That is not what I said.

Mr. Bhulabhai J. Desai : What is it that you have said ?

Mr. Muhammad Azhar Ali : Are the Government aware that this Mr. Scott has on previous occasions got into similar embroils and that his name has come before the Assembly before in Delhi ?

Mr. Sri Prakasa : Is it a case of an extra fifth meal ?

Sir Muhammad Yakub : May I know if this hostile demonstration was manœuvred by the Local Congress Committee of Delhi.

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

ALLEGATIONS AGAINST THE SENIOR SUPERINTENDENT OF POLICE, DELHI.

65. ***Mr. M. Asaf Ali :** (a) Will the Honourable the Home Member please state if it is a fact that certain allegations were made against the present Senior Superintendent of Police, Delhi, in connection with a *lathi* charge made by the Police in Lahore in which the late Lala Lajpat Rai was injured ?

(b) Is it also a fact that an adjournment motion relating to a certain incident in Delhi, in which the present Senior Superintendent of Police of Delhi figured prominently, was carried by the House during the last Delhi Session ?

(c) Is it a fact that the name of the present Senior Superintendent of Police of Delhi has again figured prominently in connection with the incidents enumerated in the preceding question ?

(d) If so, are Government prepared to consider the desirability of taking necessary steps to have a Senior Superintendent of Police in Delhi, who has attracted less attention and evoked less public comments ?

Mr. J. A. Thorne : (a) I understand that allegations were made against this officer ; but that in the public enquiry that followed they were not supported or substantiated.

(b) This officer was mentioned in that debate.

(c) I would refer the Honourable Member to the reply given to the preceding question.

(d) No.

Mr. Mohan Lal Saksena : With reference to clause (b) of the question may I know what action was taken in connection with that adjournment motion ?

Mr. J. A. Thorne : By whom ?

Mr. Mohan Lal Saksena : By Government.

Mr. J. A. Thorne : None.

INDIANISATION OF HIGHER POSTS IN THE GOVERNMENT OF INDIA DEPARTMENTS.

66. ***Mr. S. Satyamurti :** Will the Honourable the Home Member be pleased to state :

- (a) whether his attention has been drawn to an article entitled "The present policy of Indianisation" by Mr. Sachidananda Sinha, *ex-Finance* Member of the Bihar Government and published in the *Amrita Bazar Patrika* of the 14th July and in several other newspapers ;
- (b) whether it is a fact that in the Defence Department there is not a single Indian today down to the post of Under Secretary ;
- (c) whether the audit of Military expenditure is proposed to be handed to a civilian of British nationality and the post of the Financial Adviser to the Department is to be filled by an imported officer from the War Office of England ;
- (d) whether in the Foreign and Political Department there will shortly be no Indian holding any office of Secretary or Deputy or Under Secretary ;
- (e) whether it was understood on the Report of the Lee Commission that at least 25 per cent. of the annual recruits to these Departments would be Indians ;
- (f) whether it is a fact that between 1924 and 1930, of the 47 recruits to these Departments, only five were Indians and since 1931 no Indian has been taken ;
- (g) whether to the post of Budget Officer, which had been held by members of the Indian Audit Service since the period of the Montagu Reforms, a member of the Indian Civil Service has been appointed, and if so, why ;
- (h) the reason why no Indian has ever been appointed Finance Secretary ;
- (i) the reason why in the Home Department there is no Indian today above the rank of Under Secretary ;
- (j) whether it is a fact that the new post of Economic Adviser is to be entrusted to a British Officer imported from abroad, and if so why ;
- (k) why in the Commerce Department more Indians are not appointed to the higher posts ;
- (l) the reason why the only Indian on the Railway Board was sent away and Sir Basil Blackett's promise that there would be an Indian on the Railway Board has been violated ;

- (m) why the posts of Secretary and Joint Secretary to the Legislative Department usually go to British Officers, except for brief periods ;
- (n) why a British journalist has been appointed Director of Public Information and another Britisher has been appointed News Editor of the Delhi Broadcasting Station ; and
- (o) whether there is any policy of Europeanising higher offices at the centre as against the coming of Federation ?

Mr. J. A. Thorne : (a) Yes.

(b), (c), (d), (e), (f), (g), (h), (j), (k), (l), (m) and (o). I suggest that the Honourable Member's questions, so far as they relate to particular Departments other than the Home Department, should be addressed to the representatives in this House of those Departments. So far as the questions relate to general policy, I would refer the Honourable Member to the speech delivered by the Honourable Mr. Maxwell in the Council of State on the 15th March, 1937, on the Resolution moved on this subject. That speech will also indicate the answer to part (i).

(n) Government have appointed Mr. Henessy as Director, Public Information, because, having regard to all the qualifications required, they consider him the most suitable selection. The second part of this question should be addressed to the Member representing the Department of Industries and Labour.

Mr. S. Satyamurti : Sir, here we are considering the whole question with regard to Indianisation *versus* Europeanisation, and we want help from you. Should not one Department take the responsibility for dealing with all these matters ? I am not now asking whether each man is qualified or not, but I am only raising the general question of Indianisation *versus* Europeanisation.

Mr. President (The Honourable Sir Abdur Rahim) : I do not know that any particular Department deals with a general question like that. I take it each Department has a policy of its own or at any rate carries out a general policy, in the special circumstances of its own Department.

Mr. S. Satyamurti : Sir, with regard to the services and recruitment, the Home Department is responsible ; and the actual postings and the actual duties once a man is posted are in the hands of that Department ?

Mr. President (The Honourable Sir Abdur Rahim) : Do you mean to suggest that the Home Department is responsible for the Indianisation of services in all Departments ? Perhaps the Home Secretary may explain the position.

Mr. J. A. Thorne : The Home Department is perfectly willing to supply all the information it can, but it is only concerned with the general policy. It is not correct that these particular appointments to which these questions relate are gazetted by the Home Department, nor are they consulted. Those appointments are made by particular Departments and I must repeat my suggestion that, if information is required as regards particular appointments, questions should be addressed to the Departments concerned.

Mr. President (The Honourable Sir Abdur Rahim) : Do I understand from the Honourable Member that the Home Department is

charged with the responsibility of seeing that the policy of Indianisation is carried into effect ? If that is so, I should think the Home Department might be in a position to give information as to how far that policy has been carried out.

Mr. J. A. Thorne : Much information in considerable detail was given in the speech of the Honourable Mr. Maxwell to which I have invited attention. These other questions are largely answered—I think my friend will find—by Mr. Maxwell's speech ; but so far as they are not precisely covered, information can best be obtained, I suggest, from the Departments concerned.

Mr. President (The Honourable Sir Abdur Rahim) : Is it not possible for the Honourable Member to find out as regard particular appointments whether they have been Indianised or not, if his Department is responsible for the policy ? I only throw out the suggestion in case it is possible for the Home Department to collect this information, i.e., if the Home Department is responsible for the policy of Indianisation.

Mr. J. A. Thorne : Much general information of that kind was collected and was supplied in the speech of the Honourable Mr. Maxwell.

Mr. President (The Honourable Sir Abdur Rahim) : Do I understand that the general question relating to All-India and Central Services including all matters concerning the Indian Civil Service and the Indian Police is in charge of the Home Department ?

Mr. J. A. Thorne : Yes.

Mr. President (The Honourable Sir Abdur Rahim) : Does not this policy of Indianisation come within that ? All I am concerned with is to find out what ought to be the procedure by which Honourable Members can obtain information like that asked for in the question. That is all that the Chair is concerned with, and I think the House ought to have precise information as to how to obtain that information.

Mr. J. A. Thorne : If you so direct, Sir, that information will certainly be obtained and placed on the table of the House. It is, however, under the present procedure extremely difficult for the Home Department to answer, in the time available, questions containing fifteen limbs.

Mr. President (The Honourable Sir Abdur Rahim) : Then the proper course would be for the Home Department to issue a circular as to what Department will be responsible for answering questions of this kind. I do not know if that is possible, but I think the Home Department can help Honourable Members to ascertain the Department to whom they can have recourse for information.

Mr. S. Satyamurti : Sir, all these matters arose after Mr. Maxwell's speech ; therefore, there is no meaning in referring me to that speech backwards. I am asking about the present position, with regard to the various Departments.

Mr. President (The Honourable Sir Abdur Rahim) : We are working out the new rules, and the difficulties are bound to arise.

Mr. S. Satyamurti : Then, this question may stand over, Sir, so far as it has not been answered ?

Mr. President (The Honourable Sir Abdur Rahim) : Yes.

I need not remind Honourable Members that with regard to questions that have not been asked, answers to these will be laid on the table.

(b) WRITTEN ANSWERS.

SHADOWING BY POLICE OF MR. RAJAGOPALACHARIAR ON HIS JOURNEY FROM BOMBAY TO MADRAS.

50. *Mr. Badri Dutt Pande : (a) Has the Honourable the Home Member seen the statement of Mr. Rajagopalachariar, the Congress Leader (since Prime Minister) of Madras to the effect that he was shadowed by the police in an awkward and obstructive way on June 1 and 2 throughout his journey from Bombay to Madras and that his ticket was frequently checked even at night ?

(b) Was this done under the order or the knowledge of the Home Department of the Government of India ?

Mr. J. A. Thorne : (a) Yes.

(b) No.

CLOTHING AND KIT ALLOWANCE OF A BRITISH SOLDIER.

58. *Mr. Badri Dutt Pande : Will the Defence Secretary be pleased to state :

- (a) what is the rate of clothing and kit allowance of a British soldier at present ;
- (b) what kit and clothing is provided to the British soldier free of charge in addition to the clothing and kit allowance ;
- (c) whether he has been given a third uniform of khaki drill and a helmet free of charge recently ;
- (d) whether there is a proposal still under discussion that the British soldier should further receive free of charge certain other items to complete his kit to the Indian scale which at present he purchases from his clothing allowance ; and
- (e) what would be the additional cost to the tax-payer of all this change in the British Army in India ?

Mr. C. M. G. Ogilvie : (a) The maximum and minimum rates are Rs. 8-15-0 and Rs. 7-0-0 per month respectively, according to the scale of clothing and necessities which the individual is compelled to maintain.

(b) On enlistment an initial issue comprising the complete authorised scale of clothing and necessities is issued free. During the first year of service no clothing allowance is payable. On the completion of one year's service all replacement issues are made on payment out of the clothing allowance or, if this is insufficient to cover the cost, the necessary deductions are made from the individual's pay.

Approximately 99 per cent. British other ranks are enlisted in the United Kingdom and the initial free issue of clothing and necessities does not, therefore, directly affect Indian Revenues.

(c) The matter is under consideration.

(d) Yes.

†(e) Until the proposals are worked out, it is not possible to specify the additional cost.

†The original reply sent by the Defence Department to part (e) of question No. 58 was "The cost of (c) and (d) together will, if sanctioned, amount to about Rs. 63,000 per annum", but the reply as printed above was sent by that Department afterwards in substitution of the original reply on the 25th August, 1937.

STARRED QUESTIONS AND ANSWERS.

RESTRICTIONS AGAINST THE ENTRY INTO INDIA OF CERTAIN INDIANS.

67. *Sardar Mangal Singh : (a) Will the Foreign Secretary please state the names of all those Indians whose re-entry into this country is prohibited by executive order or against whom criminal proceedings are pending ?

(b) Will the Foreign Secretary please state whether Government are prepared to remove all restrictions against their entry into this country and withdraw all prosecutions against them ?

Mr. J. A. Thorne : (a) and (b). I would invite the attention of the Honourable Member to the reply given by Sir Henry Craik to Mr. Mohan Lal Saxena's question No. 744 on the 30th March, 1937. There are no persons of Indian nationality who have been refused permission to return to India.

WHEREABOUTS OF SARDAR AJIT SINGH AND RESTRICTIONS AGAINST HIS ENTRY INTO INDIA.

68. *Sardar Mangal Singh : (a) Will the Foreign Secretary please state the whereabouts of Sardar Ajit Singh who left this country in 1908 or thereabout ?

(b) Is there any restriction on his re-entry into this country or any criminal proceedings still pending against him ?

Mr. J. A. Thorne : (a) His present whereabouts are unknown to Government.

(b) I am not aware of any.

INDIAN NATIONALS KIDNAPPED BY THE FRONTIER TRIBESMEN.

69. *Sardar Mangal Singh : (a) Will the Foreign Secretary please state the names of all those Indian Nationals who have so far been kidnapped by the tribesmen from the beginning of the present Frontier operations ?

(b) How many of them have been allowed to return to their homes, how many of them are still with the tribesmen and how many have been killed by them ?

(c) What is the total amount which has, so far, been paid as ransom to get back the kidnapped persons from the beginning of the present operation ?

(d) Has any financial assistance been rendered by the Government to the kidnapped persons or their relations in any form ?

Lieut.-Colonel A. E. B. Parsons : Information as far as is at present available is as follows. Fuller particulars are being obtained from the Provincial Government and will be laid on the table in due course.

(a) A list giving the names (where known) and other particulars of the persons kidnapped is laid on the table.

(b) With the exception of the persons mentioned under items Nos. 2, 14 to 16 and 18 to 19 in the list, all have been returned or rescued. None have been killed by the tribesmen.

(c) In the case mentioned under item No. 13 in the list, it is believed that ransom of Rs. 2,100 was paid privately. This case however was the result of a private feud unconnected with the present disturbances. No other ransom money has been paid so far as is known.

(d) No information is at present available.

List of persons kidnapped by tribesmen from the beginning of the present disturbances in the North-West Frontier Province.

Item No.	Date of kidnapping.	Place from which kidnapped.	Names or other particulars.
1	19-2-37	Bannu District	Two Hindus (names not known).
2	17-3-37	Bannu-Kohat road	Bogharam, Hindu.
3	18-3-37	Bannu District	Tehlam, Hindu.
4	19-3-37	Lakki Bazar	Five Hindus (names not known).
5	19-3-37	Bharth	Parmanand, Hindu.
6	23-3-37	Mamash Khel	Gopichand, Hindu.
7	6-4-37	Razmak road	Ganesham Das, Lorind Chand and another Hindu (name not known).
8	8-4-37	Nikori Jani Khel Khassadar Post.	One Muslim District Board Overseer and one Hindu Munshi (names not known).
9	16-4-37	Bahram Khel	One Hindu (name not known).
10	24-4-37	Gul Imam	Two Hindus (names not known).
11	2-5-37	Paharpur	Gokal Chand, Hindu, and Harnam Singh, Sikh.
12	19-5-37	Tittar Khel	Four Hindu girls (names not known).
13	19-5-37	Bragi	Eight Moslem boys (names not known).
14	3-7-37	Pasani	Devi Dyal, Hindu boy.
15	13/14-7-37	Durraka Sulaiman Khel	Remaldas, Hindu.
16	1/2-8-37	Village Pai	Hindu woman (name not known).
17	10-8-37	Near Hawed	Muslim girl and boy (names not known).
18	14-8-37	Umar Khel	Two Hindus and a girl (names not known).
19	17-8-37	Sheikh Uttar	Two girls, two boys and one man, all Hindus (names not known).

KIDNAPPING INCIDENTS ON THE FRONTIER.

70. *Sardar Mangal Singh : (a) Will the Foreign Secretary please state what effective measures the Government propose to take to put a stop to the repetition of the kidnapping incidents on the Frontier ?

(b) Has the attention of Government been drawn to the press statement of Khan Abdul Ghaffar Khan that the Government can stop these kidnappings and that he is prepared to offer his co-operation to Government in this matter ?

(c) Are Government prepared to utilise his influence in the solution of this difficult question ?

Lieut.-Colonel A. E. B. Parsons : (a) Government have taken such steps as seem to them practicable to deal with kidnapping. They have increased their armed forces along the administered border, have issued large number of arms to villagers for their self-protection, and are bringing all forms of pressure to bear on the tribes of the actual offenders.

(b) and (c). Government have noticed statements to that effect but they do not consider it likely that the intervention of Abdul Ghaffar Khan would accomplish anything.

BAN ON THE PUBLICATION OF NEWSPAPERS IN CERTAIN CANTONMENTS.

71. *Seth Govind Das : (a) Will the Foreign Secretary please state whether the Indian Press and Books Registration Act operates in the cantonments of Neemuch, Mhow, Baroda Residency, Rajkot Civil Station, Mount Abu, Indore Residency area and the Kolhapur Residency areas ?

(b) Is it a fact that no newspaper is published in Mhow or Neemuch ?

(c) Is it a fact that several persons wanted to establish a newspaper from either Mhow or Neemuch but the Resident in Central India did not allow any to be published ?

(d) Will Government enunciate their policy in the matter ?

The Honourable Sir Nripendra Sircar : The information asked for has been called for and a reply will be given to the House in due course.

INTRODUCTION OF MOTOR TRANSPORT BETWEEN SIMLA AND MASHOBRA AND IMPROVEMENT OF SIMLA.

72. *Mr. B. Das : (a) Will the Honourable the Home Member be pleased to state whether the Government of India appointed an officer to make recommendations regarding the improvement of Simla ?

(b) For what reasons have the Government of India assigned to themselves functions which properly belong to the local governing body ?

(c) Are the Government of India aware that in 1933 a memorial, widely signed by all classes in Simla, was forwarded to the Punjab Government with the strong recommendations of the Municipality urging the introduction of experimental motor transport between Simla and Mashobra ?

(d) Are the Government of India aware that this recommendation has been repeated recently by the Municipal Committee, and that the proposal was turned down on both occasions, and no reason has been given for its refusal ?

440

LEGISLATIVE ASSEMBLY.

[24TH AUG. 1937,

(e) If the answer to part (d) be in the affirmative, were the Government of India consulted in this matter, and if so, what were their views ?

(f) In view of the appalling conditions of over-crowding existing in the Simla Bazaar and in the hope that the introduction of motor transport may prove of some relief, are the Central Government prepared to recommend to the Punjab Government to sanction the proposal ?

Mr. M. S. A. Hydari : (a) No.

(b) Does not arise.

(c) Government have no information.

(d) and (e). In February last the Punjab Government suggested the institution of a restricted motor service between the Ridge and the beginning of Mashobra bazaar. Since the proposal had in view only the convenience of Simla residents or visitors seeking diversion outside, its acceptance would not have led to any appreciable relief of the congestion in Simla while it would have added to the cost of road maintenance.

(f) This is not a matter which is the primary concern of the Governor General in Council.

DISCUSSION BETWEEN HIS EXCELLENCY SIR GEORGE CUNNINGHAM, GENERAL SIR JOHN COLERIDGE AND HIS EXCELLENCY THE VICEROY IN CONNECTION WITH THE FRONTIER POLICY.

72A. ***Seth Govind Das :** Will the Foreign Secretary please state :

(a) whether it is a fact that His Excellency Sir George Cunningham and General Sir John Coleridge have visited His Excellency the Viceroy recently ;

(b) whether it is a fact that their visit was in connection with a new orientation in the North-West Frontier policy of the Government ;

(c) whether the terms of settlement with the tribal chiefs in Waziristan were one of the subjects discussed ; and

(d) what were the decisions arrived at on the whole policy of the Government with regard to the North-West Frontier ?

Lieut.-Colonel A. E. B. Parsons : (a) Yes.

(b) Their visit was for the purpose of discussing the future policy to be followed in Waziristan.

(c) Yes.

(d) It will not be in the public interest to give any information at present regarding the decisions reached.

ANNEXATION OF THE TRIBAL TERRITORY AND EXTENSION OF THE FRONTIER OF INDIA TO THE DURAND LINE.

72B. ***Sardar Mangal Singh :** (a) Will the Foreign Secretary please state whether Government are prepared to reconsider the whole Frontier policy with a view to arrive at a lasting settlement with the independent tribes ?

(b) Is it a fact that Government seriously contemplate the annexation of the tribal territory and extending the frontier of India to the Durand line ?

Lieut.-Colonel A. E. B. Parsons : (a) The Government of India do not propose any radical change in the Frontier policy pursued by them during recent years.

(b) The answer is as under (a) above. It is, however, pointed out that the Durand Line is already the frontier of India.

BAN ON THE ENTRY OF BRITISH MISSIONARIES INTO ABYSSINIA.

72C. ***Sir Muhammad Yakub :** In view of the fact that the Italian Government has placed a ban on the entry of British missionaries into Abyssinia, does the Honourable the Home Member propose to take similar action in India and turn out of India all the Italian missionaries now in this country ?

Mr. J. A. Thorne : The Government of India have made certain enquiries concerning Italian missionaries from Provincial Governments and must await their replies before reaching any decision in this matter.

PERFORMANCE OF MARRIAGES IN VIOLATION OF THE CHILD MARRIAGE RESTRAINT ACT IN INDIAN STATES.

72D. ***Mr. Lalchand Navalrai :** Will the Honourable the Home Member be pleased to state :

(a) whether he is aware of the widespread demand of the several sections of the Indian people to checkmate the violation of the Sarda Act (Restraint of Child Marriage Act) by performing child marriages by the parties going to certain Indian States ;

(b) whether the Honourable Member is also aware of a strong protest against such infringement having been recorded by the Indian women at their last " All-Indian Women Conference " ;

(c) whether Government have been in communication in order to advise any Indian States to disallow such marriages being performed by British subjects ; if so, which of the States and with what effect ; if not why not ;

(d) whether the Government of India have ever consulted the Khairpur State on this point ; if so, with what effect ;

(e) will the Honourable Member please inform the House of any difficulties or objections raised by any Indian States against this reform ;

(f) do Government propose to take steps to improve upon and reform the Sarda Act ; if not, why not ?

Mr. R. F. Mudie : (a) Government are not in possession of conclusive evidence that there is general evasion of the provisions of the Act. There is a certain amount of evasion of this kind, but a number of Indian States have passed legislation on the same lines as the Child Marriage Restraint Act, 1929.

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(b) The Honourable Member's assertion is not supported by the proceedings of the Conference.

(c), (d) and (e). I am unable to reply to these parts of the question which should have been addressed to the Honourable the Leader of the House.

(f) Government realise that the existing Act is defective in this and other respects. A Bill by the Honourable Member which aims at rectifying this defect and a Bill by another Honourable Member to rectify other defects are at present pending before this House and Government do not, therefore, propose to undertake legislation themselves.

UNSTARRED QUESTIONS AND ANSWERS.

MOSQUES WITH NO RIGHT OF WORKSHOP TO MUSLIMS IN POSSESSION OF GOVERNMENT.

1. **Maulana Zafar Ali Khan** : Will the Honourable the Home Member be pleased to place on the table a complete list of all mosques in British India with their locality which have been appropriated by Government for official purposes, and the right of access to which as places of worship is denied to the Musalmans ?

Mr. J. A. Thorne : The Central Government is concerned only with mosques in the centrally administered areas or mosques which have been appropriated by the Central Government. If the Honourable Member has any particular mosque in mind he should address a question to the Department concerned.

PRISONERS CONVICTED UNDER CERTAIN ACTS IN THE CENTRALLY ADMINISTERED AREAS.

2. **Mr. Mohan Lal Saksena** : Will the Honourable the Home Member be pleased to lay on the table a statement giving the names of prisoners convicted under section 124-A, Indian Penal Code, section 108, Criminal Procedure Code, Explosives Act, Criminal Law Amendment Act and Press Act, and other revolutionary prisoners in the centrally administered provinces, their offences, period of total sentence given as well as that undergone with their respective classification ?

Mr. J. A. Thorne : I am obtaining the information and will lay it on the table in due course.

PERSONS EXTERNEED OR INTERNED IN THE CENTRALLY ADMINISTERED AREAS.

3. **Mr. Mohan Lal Saksena** : Will the Honourable the Home Member be pleased to lay on the table a statement giving the names of persons against whom orders of externment or internment have been passed in the centrally administered areas, the reason for such orders, the respective dates of the orders as well as the period, after which the orders are going to be cancelled ?

Mr. J. A. Thorne : I am making enquiries and will lay on the table in due course the information obtained.

BOOKS AND LEAFLETS PROSCRIBED BY THE CENTRAL GOVERNMENT OR ADMINISTRATIONS.

4. **Mr. Mohan Lal Saksena** : Will the Honourable the Home Member be pleased to lay on the table a statement giving the names of books and leaflets proscribed by the Central Government or Administrations during the last two years ?

Mr. J. A. Thorne : It would be contrary to the public interest to lay a statement on the table : but all proscriptions are notified in the Gazette of India. Only one publication has been proscribed in centrally administered areas during the last two years and the number of books in respect of which orders have been issued under the Sea Customs Act is eight.

SECURITIES DEMANDED FROM PRESSES AND NEWSPAPERS IN THE CENTRALLY ADMINISTERED AREAS.

5. **Mr. Mohan Lal Saksena** : Will the Honourable the Home Member be pleased to lay on the table a statement giving the names of presses and newspapers from which securities were demanded during the last two years in the centrally administered areas, with their respective amounts ?

Mr. J. A. Thorne : The information is being collected and will be laid on the table in due course.

DETENUS IN THE DEOLI DETENTION CAMP.

6. **Mr. Mohan Lal Saksena** : (a) Will the Honourable the Home Member be pleased to lay on the table a statement giving the names, qualifications, the date of order of detention, of all persons confined in the Deoli Detention Camp, with their ages and respective allowances ?

(b) Will the Honourable Member state the average number of interviews which each of them had during the last twelve months ?

(c) How many of them did not have any interview during the last twelve months, and how many of them, if any, have had no interviews since their transfer to the Deoli Camp ? Will the Honourable Member state the reasons for this ?

Mr. J. A. Thorne : Information required is being collected and will be placed on the table in due course.

PRISONERS CONFINED IN THE CELLULAR JAIL IN THE ANDAMANS.

7. **Mr. Mohan Lal Saksena** : Will the Honourable the Home Member be pleased to lay on the table a statement giving names, offences, total sentences, dates of sentence and release of prisoners now confined in the Cellular Jail in the Andamans, with their respective weights before their transfer from India and in June last ?

Mr. J. A. Thorne : I would refer the Honourable Member to the reply given to his starred question No. 386, dated the 15th September, 1936.

INDIANS OUTSIDE INDIA NOT PERMITTED TO RETURN TO INDIA.

8. **Mr. Mohan Lal Saksena** : Will the Honourable the Home Member be pleased to lay on the table a list of the Indians outside India who are not permitted to return to India ?

Mr. J. A. Thorne : The position is the same as when Sir Henry Craik replied to the Honourable Member's question No. 744 on the 30th March, 1937. There are no persons of Indian national who have been refused permission to return to India.

SYSTEM OF ADMINISTRATION IN SAM RANIZAI AND SWAT RANIZAI AREAS IN THE NORTH-WEST FRONTIER PROVINCE.

8A. **Mr. Abdul Qaiyum** : (a) Will the Foreign Secretary please state what is the present system of administration in the areas known as Sam Ranizai and Swat Ranizai in the North-West Frontier Province ?

(b) Were any terms settled between the Government and the residents of Ranizai when this area came under British sphere of influence ?

(c) If so, what are these terms and are they being adhered to by the authorities ?

(d) Is it a fact that the entire area is administered by two Tahsildars whose administration in fact is almost autocratic ?

(e) Do Government intend amalgamating this tract with the Mardan District so that its people can benefit from a more progressive system of Government ?

Lieut.-Colonel A. E. B. Parsons : (a) Sam Ranizai and Swat Ranizai are included in the Malakand protected area. They are under a loose system of administration whereby the Political Agent is generally responsible for law and order, but the village *jirgas* to a very great extent manage their own affairs and deal with ordinary offences and disputes. No land revenue or water rate is recovered in Swat Ranizai, and water rate only is collected in canal irrigated areas in Sam Ranizai.

(b) and (c). Yes the attention of the Honourable Member is invited to agreements Nos. XIV and XV printed at pages 446-447 of Aitchison's Treaties, Engagements and Sanads, Volume XI. These terms are being adhered to so far as the Government authorities are concerned.

(d) The area is administered by the Political Agent, Dir, Swat and Chitral, who is under the administrative control of the Governor, North-West Frontier Province, acting as Agent to the Governor General in Council. He is assisted by two Tahsildars who exercise their authority under his close control.

(e) There is no intention of amalgamating the area with the Mardan District.

ARREST OF MUHAMMAD ZAMAN KHAN OF SARDARA UNDER THE FRONTIER CRIMES REGULATION.

8B. **Mr. Abdul Qaiyum** : (a) Will the Foreign Secretary please state whether it is a fact that Muhammad Zaman Khan of Sardara, a Khan of

the Masto Khel tribe, Kurram Agency, was arrested and ordered to furnish security under section 40, Frontier Crimes Regulation, in Rs. 7,000 with 14 securities ?

(b) If the answer to part (a) be in the affirmative, what were the reasons for his arrest, and when was he actually arrested ?

(c) Is Muhammad Zaman serving a sentence in jail ? How long is it proposed to detain him ?

(d) Is it a fact that the Political Agent, Kurram, with two platoons of Kurram Militia searched his house, breaking open his front door ? If so, was it done in the absence of any males, and were any arms recovered and confiscated ?

(e) Is it also a fact that the Arms Act does not apply to the Kurram Agency, and the keeping of such arms was not illegal ?

Lieut.-Colonel A. E. B. Parsons : It is not in the public interest to reply to this question.

MOTIONS FOR ADJOURNMENT.

PERPETUATION OF THE OTTAWA AGREEMENT.

Mr. President (The Honourable Sir Abdur Rahim) : As regards the various motions for adjournment, before I deal with them, I want to inform the House that I do not propose to read out *verbatim* the order of the Governor General disallowing these adjournment motions. The first motion for adjournment stands in the name of the Honourable Member, Mr. Satyamurti. He intends asking " the leave of the Honourable the President and of the House to move for the adjournment of the business of the House to discuss a definite matter of urgent public importance, viz. the action of the Government of India in perpetuating Ottawa, in spite of the declared verdict of the Assembly, without concluding an agreement to take its place promptly ".

Is there any objection ?

Mr. S. Satyamurti (Madras City : Non-Muhammadan Urban) : Sir, I do not want to embarrass the non-official advisers who are now engaged in these negotiations, and who are doing well, and so I do not wish to move this motion.

REORGANISATION OF THE IMPERIAL SECRETARIAT.

Mr. President (The Honourable Sir Abdur Rahim) : Then the next motion for adjournment stands in the name of Professor Ranga and is to this effect, that he intends " to move a motion for adjournment of the House to discuss a definite matter of urgent public importance of recent occurrence, namely, the policy of the Government as adumbrated in the Maxwell Committee's Report on the reorganisation of the Imperial Secretariat to create a larger number of posts for the highly-paid I. C. S. in the form of Under Secretaries of Government on the eve of the Federation for the purpose of forcing them on the future ministers when appointed under the Federal Government ".

This motion has been disallowed by the Governor General on the ground that the motion cannot be moved without detriment to the public interest.

TRAIN DISASTER NEAR DINAPORE STATION.

Mr. President (The Honourable Sir Abdur Rahim) : The next motion for adjournment is by Prof. Ranga. He wants adjournment of the business of the House to discuss a definite matter of urgent public importance of recent occurrence, namely :

"The failure of the Railway Administration to take sufficient preventive measures to avoid recurrence of the second train disaster which occurred on the 17th July, on the same section of the East Indian Railway near Dinapore Station where another disaster had occurred a few years ago."

Does the Honourable Member wish to move it ?

Prof. N. G. Ranga (Guntur *cum* Nellore : Non-Muhammadan Rural) : I understand that the results of the inquiry are not yet published and are being considered and so I do not wish to move it.

Mr. President (The Honourable Sir Abdur Rahim) : The next motion for adjournment is in the name of Mr. Avinashilingam Chettiar. That is covered by the motion discussed yesterday regarding the agreement between the Government of India and the Government of Zanzibar. So, it goes out.

AMENDMENT OF INDIAN LEGISLATIVE ASSEMBLY RULES.

Mr. President (The Honourable Sir Abdur Rahim) : The next motion is in the name of Mr. Satyamurti. He wishes to discuss by this motion the amendments of the rules of the Indian Legislative Assembly published in the Gazette of India of the 24th of July, 1937, without even consulting the Assembly.

Does the Honourable Member wish to move it ?

Mr. S. Satyamurti : Yes, Sir.

Mr. President (The Honourable Sir Abdur Rahim) : Is there any objection ?

The Honourable Sir Nripendra Sircar (Leader of the House) : No, Sir.

Mr. President (The Honourable Sir Abdur Rahim) : The motion will be taken up at four o'clock.

RESOLUTION RE AMENDMENTS TO THE INDIAN LEGISLATIVE RULES.

Mr. President (The Honourable Sir Abdur Rahim) : The House will now resume discussion of the following Resolution moved yesterday by the Leader of the House and the amendment* moved thereon by Sardar Sant Singh :

"That this Assembly recommends to the Governor General in Council that the following amendments be made in the Indian Legislative Rules, namely :

(1) To rule 6 the following proviso shall be added, namely :

'Provided that where the President has given his consent to the moving of a motion for the purpose of discussing a question of privilege, the

following be substituted :

"That in paragraph 1 of the Resolution, for the proposed proviso to rule 6, the following be substituted :

'Provided that when the President has given his consent to the moving of a motion for the purpose of discussing a question of privilege, such motion shall have precedence over the day's business on which such motion is moved.'

AMENDMENT TO THE INDIAN LEGISLATIVE RULES.

Governor General in Council shall, unless the motion is prohibited under the operation of sub-rule (2) of rule 12A or is disallowed by the Governor General under sub-rule (4) of rule 12A, as soon as may be, allot for the discussion of such motion so much time on a day or days not allotted for the business of non-official members as may appear to him to be sufficient, and such motion shall be open to discussion within the time so allotted but at no other time.'

(2) After rule 12 the following rule shall be inserted, namely :

'12A. (1) Subject to the provisions of sub-rules (2), (3) and (4) a motion for the purpose of discussing a question of privilege may be moved with the consent of the President.

(2) No such motion shall be moved if it concerns a matter on which a Resolution could not be moved and no such motion shall be moved save with the consent of the Governor General in his discretion if it concerns a matter on which a Resolution could not save with such consent be moved.

(3) The decision of the Governor General in his discretion on the point whether any such motion is or is not within the restrictions imposed by sub-rule (2) of rule 23 shall be final.

(4) The Governor General may at any time notwithstanding the consent of the President or before such consent has been given disallow any such motion or any part of such motion on the ground that it cannot be moved without detriment to the public interest, and if he does so no further discussion of the motion or part thereof as the case may be shall take place.'

The Honourable Sir Nripendra Sircar (Law Member) : Sir, I was in possession of the House when the discussion of this matter was interrupted by a more important matter. I have read what I said yesterday when I moved the Resolution and also what I added later on. I desire to point out in amplification of a matter which I raised yesterday that under our rules, for instance, rule 6, the allotment of time for non-official business and precedence of business is controlled in this way :

"The Governor General, after considering the state of business in that chamber, shall allot so many days as may, in his opinion, be possible compatible with the public interests for the business of non-official Members in that chamber."

Then, we come to Standing Order 7A and without tiring the House with the reading of that long Standing Order, the position is this. As regards official matters, the control under the rule is given to the Governor General and the point that I raised yesterday was this that if Sardar Sant Singh's amendment is accepted, the position will be that if a privilege motion is acceded to by the President, then the motion gets precedence over all other matters, and I pointed out that in practical result we can never get the motion finished, as it will depend on the nature of the subject and on the temper of the House. The whole scheme of the rules will be upset and that may drag on for days. The other objection I have already indicated when I moved my Resolution. I have nothing to add to that and I oppose the amendment, and I have clearly indicated the choice before the House.

Mr. S. Satyamurti (Madras City : Non-Muhammadan Urban) : Sir, I have listened to my Honourable friend, the Law Member, expounding his objection to the amendment of Sardar Sant Singh, which really seeks to bring into line the practice on motions of privilege, with the practice prevailing in the British House of Commons. That is to say, when a

[Mr. S. Satyamurti.]

motion for privilege is made, it automatically takes precedence over all other business in the House, until it is disposed of one way or the other by the House. My Honourable friend, the Mover of the amendment, does not ask for anything more at all. But my Honourable friend, the Law Member, in answer to certain objections to this motion of his on the ground that it is an encroachment on the privileges of the House made—I use the expression in no offensive mood at all—a theatrical gesture yesterday, and said: “Shall I withdraw this motion?” Of course, we said “No”, and I will tell him why. It was not because we are enamoured of this motion, but because we want an opportunity to vote for the amendment of Sardar Sant Singh. Let him not misunderstand the attitude of the House in refusing to allow him to withdraw this motion. Then, so far as the actual wording of his motion is concerned, I merely want to draw the attention of the House to the common features in the motion and the amendment of Sardar Sant Singh. In both these, that is to say, the motion as well as the amendment, the significant words occur “when the President has given his consent to the moving of a motion for the purpose of discussing a question of privilege”.

Now, the President of the House, whoever he is, *ex hypothesi* commands the confidence of all sections of the House, and of the House as a whole. I, therefore, take it that it must be conceded by all sections of the House, including the Government, that, when the President has given his consent to the moving of a motion for discussing a privilege, there is at least a *prima facie* case for the discussion of that motion. I want the House now to look at what the Honourable the Law Member wants. If they will kindly turn to page 3 of the Agenda, they will find that clause 2, sub-clause (4) says:

“The Governor General may at any time notwithstanding the consent of the President or before such consent has been given disallow any such motion or any part of such motion on the ground that it cannot be moved without detriment to the public interest, and if he does so no further discussion of the motion or part thereof as the case may be shall take place.”

What does it amount to? It amounts to this—that the House has given leave and the President has held that the matter is one of sufficient importance to be discussed on the floor of the House, and yet the Governor General can say at any time he likes, that we ought not to discuss the motion. I submit, without reference to the existing personalities, that there can be no greater expression of want of confidence in the Chair, than this bare-faced attempt of putting the Governor General over the President in a purely domestic question of the privileges of this House. Is it right? Who is this Governor General—I am not referring to Lord Linlithgow—that he can act as a kind of a super-judge over the whole House and over the President?

Sir, this phrase of the Governor General’s “discretion and individual judgment” will deceive nobody. We know human nature. What it means is this—that some Deputy Secretary, some Assistant Secretary, some Joint Secretary, will put up a note saying that this ought not to be allowed, and we shall be told that it has been disallowed by the Governor

General. It seems to me that it is nothing short of trifling with a matter of this importance, to say that, when the House and its President have both come to the conclusion that the matter is one of privilege, somebody else ought to come in and at any time he likes, stop the discussion. My friend, the Law Member, made an offer and said: “Will you agree to my withdrawing it?” I make him another offer. Will he kindly look at rule 6? This rule says that, on certain days, official business alone shall have precedence, and on other days non-official business, and the last sentence is this:

“On other days (that is to say, on official days) no business other than Government business shall be transacted except with the consent of the Governor General in Council.”

Very good. If the Governor General is going to agree to a motion of privilege being discussed on the floor of the House, then the other sub-clause in the rule really comes to this—that he has always a kind of reserve power to tell this House that you shall no longer discuss this matter. I think in practice the power of the Governor General to allow a business to be transacted even on official days may be quite ample for our purpose, because in either case the consent of the Governor General is the operative factor. Let there be no mistake about that. Let us clearly understand that. Whether this motion is passed as it stands and the Rule is made, or whether the Rules stand as they are, especially Rule 6, the consent of the Governor General is the operative part of the whole machinery. Therefore, it seems to me that the present amendments are not giving us really what we want.

Then, my Honourable friend said, you must choose between two evils, that is to say, having no day for discussion of privilege or the evil of having this rule, without the amendment of Sardar Sant Singh. Now, Sir, I want to appeal to the House to support the amendment of Sardar Sant Singh, and if the Honourable the Law Member carries out the threat which he held out yesterday, that if the House passes any motion which takes away the Governor General’s discretion to withhold his consent, they will not make that Rule, I think we had better face that evil. It is not the lesser of the two evils, but the greater of the two evils; because I think this is the first time that we are asked as a House to pronounce on this new machinery of the Government of India Act, 1935, this entity called the Governor General in his discretion or in his individual judgment. Let us express our candid opinion that we have no trust in this statutory entity, namely, the Governor General’s discretion, which really means, the Deputy Secretary or the Joint Secretary, and so forth. It seems to me that we ought really not to accept this kind of machinery which really gives us nothing, and I repeat that it is not showing that respect for the Chair, which my Honourable friends on the Treasury Benches protest constantly when it suits them. If the Honourable the President gives his consent, why do the Government distrust him? May I know why the Government want to thrust this entity of Governor General over the decision of the President? Does the Governor General know more about the privileges of this House than the President? Why do not the Government make their submission openly on the floor of the House in our hearing? Why do they want to rush to the Viceroy’s house, and tell him something privately which we cannot hear except after he has made up his mind? Why don’t you, like men, face the Opposition and make your submissions to the Chair? Why should not the Government come before

[Mr. S. Satyamurti.]

this House with their case? Why do they resort to Star Chamber methods? The Government are so fond of them, that they do not like to adopt public methods. I think we must teach this Government that they should have more faith in doing things openly, and that they should not have recourse to these dubious and doubtful ways.

We are discussing the question of privilege, and one of the common methods in which the privilege of the House may be attacked is for example that a Member of the Governor General's Executive Council or the Governor General may attack the House. A Member of the Executive Council may say, "I know more what is for the good of the country than the House and, therefore, I say that this is not a matter in which the House has wisely decided". The Governor General may hold that this is not a matter of privilege, though the President holds it is so. Thus the House may have been contemptuously treated by the Governor General, but the House may not censure the Government for their conduct. It comes to this—that in a case like this, where the Governor General over-rides the decision of the President, the accused will be the Judge in his own case, that is to say, the person who has insulted this House will have the power to tell you and to this House, "you shall not discuss this". Is that a fair position? I am not drawing on my imagination. I know the opinions of some of the Members of the Executive Council about this House. They dare not express them in this House, because of you. When they are outside this House, they may say it. Supposing they say something against this House outside, and supposing my Honourable friend, Sardar Sant Singh, brings up a motion of privilege on the ground of some Members of the Executive Council having abused this House outside, and you, Sir, hold it in order, then what right have the Government to add insult to injury after having abused us, and say "we shall not allow you to discuss that motion".

Take the Press for example. I am not talking of any particular organ. But there are newspapers and newspapers, and there are newspaper correspondents and newspaper correspondents, having their own political prejudices. Some of them write about us, and some in language which appeals to them, namely, "that these men are irresponsible, they do not know what they are about, or they are autocratic, they do not respond". They may keep within the line, or they may go beyond bounds; and if they do that and if we bring it up or if the Government bring that up and you hold that it is a matter of privilege, then ought the influential papers of India, Indian or Anglo-Indian—old style—have the privilege of approach to the Viceroy's House, and say "I am a constant friend of the Government, I support them in all their activities of repressing popular movements in this country, this House tries to attack me, please, therefore, protect me and stop this discussion". I am not again drawing on my imagination, but these things are possible in every country, and certainly in my country, where there is no real democratic responsible government. It has happened to my knowledge.

It, therefore, seems to me that, if this privilege motion is to be a real thing and not a farce, it ought ultimately to be in your hands and in the hands of the House.

Similarly, take individual Princes, individual Rulers, they may attack the House; and are they to be allowed to have the privilege of access to

the Viceroy's House and ask him to disallow the motion? The whole idea of this resolution is misconceived. The whole thing has been transferred from the rule governing Resolutions, into a matter of privilege. You will notice, Sir, that the whole of sub-rule 2 is based on the rule, old and new, governing resolutions. If Honourable Members will look at these rules, they will find that they exclude a whole category of cases, from the scope of Resolutions which are recommendations to the Government, on which they may or may not take action. They having the right, so long as this constitution stands, to tell this House that you shall not make a recommendation on certain matters. But they cannot be applied to matters of privilege, where the dignity and the self-respect and indeed the powers of this House are involved. It seems to me that it is wholly misconceived to seek to attach to this Rule limitations governing the moving of Resolutions. I will discuss this matter further this afternoon, and I do not want to anticipate, but I merely want to draw the attention of the House to the new Rules published in the Gazette of India of the 24th July, in which it is provided that no Resolutions can be moved on the personal conduct and the rule of any Indian State or a Member of a ruling family thereof. It comes to this that a large class of cases is altogether excluded from the scope of this privilege motion.

It seems to me that the last point which the Honourable the Law Member made, he could not have seriously believed it himself. He repeated it this morning. He said it yesterday, that is to say if the motion of Sardar Sant Singh is carried and privilege motions get automatic precedence, the business of the House will be held up by the temper of the House or by anything else. Well, Sir, I have not been very long in this House, but I have been nearly three years here, and I am not talking of my section of the House, I am thinking of all the sections of the House, and if I may say so with all respect, this House has never failed the demands of business (Hear, hear); and on every occasion when business has been demanded, every section of the House has co-operated with you to see that there was no undue delay. I think you will bear it out yourself, Sir, and will bear out my argument when I say that my answer to the Honourable the Law Member is this: supposing a matter of privilege is taken up and discussed for a day and at about half past four there is a general feeling that the matter has been discussed sufficiently, if a closure is moved, you will accept it; and I know despite small minorities, the House as a whole will carry the motion, if it is then satisfied that there has been a reasonable discussion.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member has two minutes more.

Mr. S. Satyamurti: That is enough for me to conclude. I will show again the keen sense of reasonableness of this House by concluding in these two minutes. This House has never failed in its sense of responsibility for carrying on public business consistent with the requirements of proper debate. I suggest, Sir, that it is a wanton insult to the House to say that, if this motion of Sardar Sant Singh is carried, all the business will be held up. Matters of privilege will be discussed for a few hours, and after all points have been brought to the notice of the House, I have no doubt that no business will be held up, and we shall be able to carry on the business without any undue delay.

I, therefore, submit that this amendment of Sardar Sant Singh is an amendment consistent with the very object of privilege motions, is based

[Mr. S. Satyamurti.]

on the unbroken practice of the House of Commons for several centuries, and will alone give us what we want, when we want to discuss a question of privilege on the floor of the House. I have great pleasure in supporting the amendment, and I request every section of the House to support the amendment wholeheartedly. (Applause.)

Mr. M. Ananthasayanam Ayyangar (Madras ceded Districts and Chittoor : Non-Muhammadan Rural) : Sir, before you put the question, may I make a request ? As this is a question of privilege involving the privilege of the President also, will you make a statement and address the House on this matter ?

Mr. President (The Honourable Sir Abdur Rahim) : The House has discussed this question at length, and I have given my ruling. I have nothing more to say on this matter, and it is for the House to consider the amendment and give its verdict.

The question is :

“ That in paragraph 1 of the Resolution, for the proposed proviso to rule 6, the following be substituted :

‘ Provided that when the President has given his consent to the moving of a motion for the purpose of discussing a question of privilege, such motion shall have precedence over the day’s business on which such motion is moved ’.”

The motion was adopted.

Mr. S. Satyamurti : Sir, I beg to move :

“ That in paragraph (2) of the Resolution, in sub-rule (2) of rule 12A, all the words after the word ‘ matter ’ be omitted and the following substituted.....”

Sardar Sant Singh (West Punjab : Sikh) : Sir, may I rise to a point of order ? My submission is that my amendment having been carried, there is no occasion for rule 12A at all, because, according to my amendment, when the President has given his consent to the moving of a motion for the purpose of discussing a question of privilege, such motion shall have precedence.

Mr. President (The Honourable Sir Abdur Rahim) : What happens to paragraphs 2, 3 and 4 ?

Mr. Bhulabhai J. Desai (Bombay Northern Division : Non-Muhammadan Rural) : I may point out that the House has now adopted a substituted proviso to rule 6. That proviso completely covers the whole of the ground and paragraph 2 is not needed because all that is necessary by way of condition for allowing discussion of a matter of privilege is the President’s consent.

Mr. President (The Honourable Sir Abdur Rahim) : If that is the object, there ought to be some amendment moved for its deletion.

The Honourable Sir Nripendra Sircar : I am willing to accept that to be the situation. This goes as a result of Sardar Sant Singh’s motion.

Mr. President (The Honourable Sir Abdur Rahim) : There should be a formal motion.

Mr. Bhulabhai J. Desai : I formally move that the rest be deleted.

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

“ That paragraph 2 of the Resolution be omitted.”

The motion was adopted.

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

“ That the Resolution, as amended, be adopted.”

The motion was adopted.

THE TRADE DISPUTES (AMENDMENT) BILL.

The Honourable Sir Thomas Stewart (Member for Industries and Labour) : Sir, I move :

“ That the Bill further to amend the Trade Disputes Act, 1929, for certain purposes, be referred to a Select Committee consisting of Mr. S. N. Roy, Khan Bahadur Sir Abdul Hamid, Mr. C. B. Nagarkar, Mr. N. M. Joshi, Mr. A. Aikman, Babu Baijnath Bajoria, Sir H. P. Mody, Mr. H. A. Sathar H. Essak Sait, Mr. Lalchand Navalrai, Prof. N. G. Ranga, Mr. N. V. Gadgil, Mr. Mohan Lal Saksena, Mr. B. Das and the Mover, and that the number of Members whose presence shall be necessary to constitute a meeting of the Committee shall be five.”

Sir, this Bill has already been the subject of a considerable debate in this House, last October, when my predecessor moved that the Bill be circulated for opinion. On that occasion, Sir Frank Noyce set out at considerable length the object of the Bill and the nature of its provisions, and these were still further elucidated in the course of the discussion which then took place. At this stage of the progress of the Bill I take it that it would be an unwarranted tax on the time and patience of Honourable Members if I were to attempt any recapitulation of what was said so fully on the last occasion. I shall, therefore, as briefly as possible, refer only to a few of the more important opinions and criticisms which have been received as a result of the circulation of the Bill. A considerable volume of opinion has been received in consequence of the circulation, and these opinions have been placed in the hands of Honourable Members. It will be agreed, I think, that these opinions are representative of every shade of thought, and they constitute a useful contribution towards the discussion of this question. Perhaps their usefulness lies not so much in their freshness or originality as in the fact that they constitute a re-inforcement of the statements and arguments that have already been used. I suggest, therefore, that it is unnecessary for me to re-state in full what those arguments are, and I shall only refer to a few of them. Serious controversy has really been occasioned by only a very few of the clauses of this Bill. As was expected, clause 8 has attracted a good deal of attention. This is the clause which proposes to drop the existing section 16 of the Trade Disputes Bill, section 16 being the section which provided for what we might call, for convenience and brevity’s sake, the political non-industrial strike. In its place it proposes to put in a section which is intended to secure an atmosphere of peace and tranquillity while a trade dispute is under investigation by a Conciliation Board or by a Court of Inquiry. The criticisms of this clause 8 fall into two definite classes. On the one hand, we have a repetition of the arguments which were used on the floor of this House by the speakers who claimed, and with every

[Sir Thomas Stewart.]

justification, to speak on behalf of labour. On the other hand, there is complaint that we propose to divest ourselves of powers which are essential in the interests of public tranquillity and of the welfare of the community. These are the opposing points of view that have been expressed, and to those of us who like myself are briefed neither for labour nor for capital, it might be taken that they cancel themselves out. My consideration of those views has suggested that many of the criticisms are based on a faulty appreciation of the precise significance of the phraseology of the clause. I am of opinion, however, that the draft that we have put forward is capable of improvement and I am prepared to do what I can to contribute towards that end in the Select Committee. But I venture to assert that the principle underlying this clause is a good one, one that has ensured universal support, namely, the provision of a peaceful atmosphere in which to secure an effective and prompt settlement of serious industrial disputes which threaten the welfare not only of the parties to the dispute but the welfare of the community at large.

There has also been a considerable amount of criticism of clause 11 of the Bill. This is a clause which seeks to provide for the appointment of Conciliation Officers and to define their functions and duties. The criticisms I think are directed rather to matters of detail than towards the principle of the clause which I am sure is one which must commend itself to all of us,—the principle of conciliation as a preventive of trade disputes. The principle is one to which the Government of India themselves attach the greatest importance and they trust that as the result of discussions in Select Committee there will emerge a general acceptance of this principle and that there will be evolved a practical scheme for the working of Conciliation Officers within the sphere of the Indian industry. The comparative lull in industrial warfare in India in the last few years has been somewhat rudely disturbed of late, first, by the series of strikes in the Calcutta jute mills, and at a later date, in the Cawnpore mills. These strikes come at an appropriate moment to remind us that the Governments in India have need to have at hand some machinery which will enable them to intervene to prevent the outbreak of unnecessary industrial disputes, and, if such disputes should unfortunately have broken out, to enable them to secure an effective and equitable solution of the trouble at once, and finally, in order to protect the innocent third party, the general public, from the ill effects of such disputes. It is our belief that in this Bill we are contributing towards that end, and in that belief I commend my motion to the House. Sir, I move.

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

“That the Bill further to amend the Trade Disputes Act, 1920, for certain purposes, be referred to a Select Committee consisting of Mr. S. N. Roy, Khan Bahadur Sir Abdul Hamid, Mr. C. B. Nagarkar, Mr. N. M. Joshi, Mr. A. Aikman, Babu Rajinath Bajoria, Sir H. P. Mody, Mr. H. A. Sathar H. Essak Sait, Mr. Lalchand Navalrai, Prof. N. G. Ranga, Mr. N. V. Gadgil, Mr. Mohan Lal Saksena, Mr. B. Das and the Mover, and that the number of Members whose presence shall be necessary to constitute a meeting of the Committee shall be five.”

Prof. N. G. Ranga (Guntur cum Nellore : Non-Muhammadian Rural) : Sir, the main object of this Bill, as stated by Government, is to promote conciliation between the employers and the employees and to try to establish industrial peace in this country. Sir, I cannot say that the whole of the working classes in this country are absolutely in favour of

this particular objective aimed at by the Government because the working classes maintain their inherent and inalienable right of some day gaining complete control over the whole industrial structure and machinery of this country, but at the same time, in the meanwhile, they will be content to agree to any proposal that may be made either by the Government or the employers or by the public which would seek to minimise this conflict with a view to improve the economic conditions of the workers or the working classes. If, Sir, any particular move were to be made further to aggravate their economic conditions, even if made in the name of conciliation, in the name of industrial peace, the working classes, I declare, cannot have anything to do with it. We know that the economic conditions as well as the social conditions of our working classes in this country leave very much to be desired and have much to be improved, and if any effort were to be made either by the public or by the Government to interfere in the relations that subsist between the workers and the employers, it must be in the direction of further improving the economic and social conditions of the working classes. Unfortunately, although in this pamphlet that the Government had published only recently on Industrial Disputes in India the Government claim to have passed a number of Acts since 1932, and although Government have, from time to time, been claiming that they have been trying to hold the scales even as between the employers and the workers, it must be admitted by any impartial observer of the attitude and of the policy adopted by them practically since 1930, that the Government have, after all, not been quite so very impartial as between employers and employees and Government have not even tried at any time to favour the workers as against the employers who today and for a very long time till now have been the stronger of the two parties concerned.

Pandit Lakshmi Kanta Maitra (Presidency Division : Non-Muhammadian Rural) : Take the case of the jute workers in Calcutta.

Prof. N. G. Ranga : Yes. Even at the time when the first proposal was made for passing this Industrial Disputes Act it was stated on the floor of the House by some Honourable friends, including my Honourable friend, Mr. N. M. Joshi, that the right of the workers to strike is such a sacred one, such an alienable one, and one that is incidental in the industrial structure as we have come to experience in this country, that it cannot be given up by the workers at any cost. But at that time the attempt to stifle that particular right was only a partial one. It was then sought only to declare a general strike to be illegal, and, in fact, particular care was taken to make an exception in the case of all trade disputes. But now the Government of India come forward with a proposal to obtain for themselves and also for the provincial Governments the right to declare any strike, of whatever kind it may be, whether political, economic, or industrial, illegal, although on the pretence that they will try to appoint an arbitration committee or a conciliation board and thus bring about some sort of conciliation. I do not know what sort of conciliation it is going to be. Is it going to be a conciliation that will throttle the workers, or is it going to be a conciliation that will certainly improve the economic conditions of the workers? Whenever in the past attempts were made by labour in this country to ask for a conciliation board or an arbitration committee the Government were very chary and very unwilling to appoint it and tried their best to wait until the workers were thoroughly weakened and demoralised and unionism

[24TH AUG. 1937.]

[Prof. N. G. Ranga.]

was destroyed. In answer to that Government may say that hereafter, as soon as a particular strike is declared illegal, it becomes incumbent upon them to appoint a conciliation committee.

Sir, what are the functions of this conciliation committee? Are its findings binding on either of these parties? No. Then what is the use of this committee especially when the strike which is the only weapon in the hands of the workers is already declared illegal. What is the special advantage that the workers are able to derive by losing the only weapon that they have today in their possession? We know only too well that unionism is not strong enough to enable the workers to bargain with employers on a par, to enable the workers even to carry on negotiations with this Government and get it to intervene at an early stage in their disputes with the employers. And under these circumstances a strike assumes a special importance in this country which is not the case in other countries like England and France where unionism is really very strong and very effective.

Since it becomes possible for Government to declare a strike illegal even long before it actually takes place, what will be the effect on the working classes of this country and upon the workers who are definitely and directly involved in that particular trade dispute. They naturally cease to have any interest in unionism and in the lead given by their own leaders. They are assured that this conciliation board or arbitration committee is going to settle the whole thing. We do not know how it is going to settle it. Nobody knows what sort of committees are going to come into existence but while it goes on discussing it, the 'unionist' life of the workers is demoralised. They no longer have any chance of taking back to this instrument or weapon of strike, once the two months are over and the employers refuse to accept the decision or the recommendations made by the conciliation board. What is to happen after these two months are over and the employers are adamant in their demands and refuse to accept the decision of the conciliation board? Are the workers to start their strike or not? If they want to strike, will it be possible for them to start the strike just as effectively and enthusiastically as they would have done if the strike in the first instance had not been declared illegal. It would certainly be impossible for them because they have lost their confidence in their leaders. They have given up their union life and they are likely to be told by the conciliation officers who are to be appointed that they stand to gain very little from these unions and they can gain everything by pursuing the so-called policy of conciliation or arbitration. Therefore, the real object of this legislation as it strikes me and the workers of this country is to prevent the development of unionism in this country, to prevent the development of confidence of the workers in their leaders and to prevent the hold of the trade union leaders on the working classes of this country.

The other objective of the Government in making this move seems to me to prevent the working classes of this country from ever being able to exercise their right to strike even if they were forced to go on strike under extreme conditions of life. How will it be possible for the workers even to think of strike if they were to know in advance that these conciliation officers are going to function as spies and inform the Government that the workers are thinking of going on strike and that,

therefore, Government should anticipate their decision by declaring their intention to strike illegal and thus make it impossible for the workers to discuss and decide whether they should have a strike or not in any particular workshop or in any particular industry? It would hereafter be impossible for the workers of this country even to dream of a strike because even the dream will be penalised by this particular clause No. 8. As all my Muhammadan brethren know, 8, 18, 3 and 13 are just the numbers to be avoided. I do not know whether we should accept this as a general rule to guide our activities in life but here it looks as if Providence itself has come to the rescue of the Government in choosing this number for this dangerous clause and if not for anything else, at least for the fact that this clause contains this very dangerous power intended to be given to the State, the working classes of this country are justified in strenuously opposing the clause as a whole.

Then we are told that if we throw this out, the old Act with its equally obnoxious clause 16 will come back. So we are asked to choose between clause 16 of the old Act and clause 8 of this particular Bill. This is the way in which this Government has always tried to have its own way, to manage its own affairs and to mismanage the affairs of others. They come with one bowl of poison in one hand and another bowl of doubtful nectar in the other and then say 'You drink the poison first and if you outlive that, then you will be able to get the bowl of nectar'. When they brought the Trade Disputes Bill before this House they said 'You can have the trade disputes machinery if you have clause 16' and the House had to agree to it. This time also they want to follow the same method. They come here and say 'You can have your trade disputes machinery, provided you agree in the first instance to have your right to strike destroyed and to be declared illegal either by the Provincial or the Central Government'. Are we every time to allow ourselves to be victimised like this? If I am allowed to make a choice between old section 16 and the present clause 8, I am quite prepared to allow this Government to drop this *in toto* and let section 16 stand, for this reason, section 16 is impossible to be implemented unless there is a general strike and when there is a general strike in this country, if the workers were to decide upon it at all, which is a very very rare experience even in the experience of this particular Government of India, they do not care whether their general strike is already declared illegal or is going to be declared illegal. It is a very serious decision that they have to take. Once they have taken it, they are prepared to stand any sort of consequence.

Workers who are in a dangerous mood and who have great stakes to lose in a general strike, do not mind whether there is a section 16 here in one of the Acts, for the Government of India to declare such strikes illegal. They will carry on a general strike. Why do they want a general strike declared, and when do they want to declare it? Not in a light-hearted fashion, nor on every day and on every occasion. They declare it only once in a while, when they are absolutely desperate, and when they find that piecemeal strikes in different parts of the country, in different mills and workshops are of no use, have not yielded good results, when they are thoroughly disappointed with the attitude of the Government and when they are thoroughly disgusted at the manner in which the Government manages these labour problems; and under those circumstances it is not at all a fearful thing to have a section 16 here. Sir, how many

[Prof. N. G. Ranga.]

such general strikes have there been in this country? Only one, in 1929?

Mr. N. M. Joshi (Nominated Non-Official): Where was there a general strike in India?

Prof. N. G. Ranga: Only on one railway—the South Indian Railway.

Mr. N. M. Joshi: That was not a general strike.

Prof. N. G. Ranga: Now there was another strike which was called a general strike in Bombay but that was not also a general strike, strictly speaking. Therefore, my Honourable friend, Mr. Joshi, is correct in saying that there has not been any general strike in this country up till now. If we turn our attention to Great Britain, the home of trade unionism or the home of the most ancient trade unionism in the world, we find that labour there has embarked upon a general strike only once. Are we then to be so much frightened by this section 16 which is to deal with a situation that cannot ordinarily arise at all? If it arises, it may arise only once in a blue moon. No, Sir, I am not going to be afraid and that is the considered view of the working classes in this country. Of course they resent this section 16. They do not at all want this on the Statute-book of this country, and they will take the earliest possible opportunity, whenever they have a chance of getting rid of it, to see that this particular section 16 is absolutely done away with. But till then they are quite content to let it remain where it is and not accept in its place a clause 8 whose conciliation machinery is of doubtful value and whose attempt to stifle their right to strike is really a very dangerous thing and fraught with serious consequences to themselves.

Then, Sir, I come to the conciliation officers. It is rather difficult to say outright that nobody wants conciliation officers in this country. But when such a proposal comes from this Government, it is very difficult indeed for anybody not to refuse even these conciliation officers. Who are going to be these conciliation officers? We had some experience of that in Bombay. Sir, these officers appointed by the Bombay Government are Government servants. They are I. C. S. officers, supposed to have had some labour leanings. God alone knows what is the sort of labour leanings,—whether it is in the way of creating family disputes or in seeking to prevent them striking, or creating an adverse propaganda among the workers against their own leaders, or creating a sedition in the labour ranks against their own labour unions, and even those unions on which my Honourable friend, Mr. Joshi, serves?

Mr. K. Ahmed (Rajshahi Division: Muhammadan Rural): Why do you allow that sort of thing to go on in this country?

Prof. N. G. Ranga: Anyhow, these conciliation officers, apart from other things.....

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

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

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

Prof. N. G. Ranga: Mr. Deputy President, I was saying when we dispersed for lunch that clause No. 8 is not at all in favour of the workers and it seeks to destroy their only fundamental right to strike and it is in no way an improvement as far as the workers are concerned over the earlier section 16 which it seeks to replace. In saying that I wish to state in support of that plea that if Government were really anxious to establish industrial peace in this country what they ought to do is to accept the recommendation of the Royal Commission on Labour and establish standing conciliation machinery to start with. That recommendation was made several years ago and no action has been taken on it. Again and again my Honourable friends, Mr. Joshi and Mr. Giri, used to press upon the attention of the Government the need for the establishment of this conciliation machinery but Government has so far failed to establish it. Now, to come forward and say that we should accept, in its place, only the appointment of a conciliation officer is really not reasonable to say the least. In England such conciliation machinery has been working for a pretty long period and that quite satisfactorily. The Balfour Committee which made a survey of industrial relations stated that in the field of conciliation and arbitration the Councils have played an important part in assisting the industries to settle their differences themselves. They proceed to say:

“Experience has shown that the existence of a Joint Industrial Council on which both sides are constantly in touch and on which there is a regular intercourse between the employers' and the workers' representatives has enabled differences to be dealt with at an early stage and has diminished the opportunity for disputes to arise through lack of understanding.”

If such a machinery had been established in this country, I am sure many of the strikes that had taken place in our country would not have taken place at all and could easily have been avoided. Sir, it is well within the memory of most of the Members of this House that the great Bengal Jute Mill strike had taken place during this year mostly for the purpose of getting rid of the obnoxious Sardars who were acting as the middlemen between themselves and the employers. Such Sardars could easily have been eliminated if only such a conciliation machinery had existed and opportunities were given for employers' and workers' representatives to meet each other, discuss these things and then eliminate such inconveniences that create trouble in their mutual relations. Similarly, in textile mills there are these jobbers and Sardars who also create trouble. Such things could have been avoided and could be avoided even today if such conciliation machinery were appointed.

If it is pleaded by Government and others that these conciliation officers are sought to be appointed and this conciliation machinery is sought to be implemented almost in every strike and in every dispute where a lock-out or a strike is declared illegal, then they ought to consider one other suggestion. In England an attempt has been made to help the workers, especially those who could not be organised so easily and who could not organise themselves so easily, I mean those who are employed in sweated industries,—there, a machinery called the Trade Board is established on which both the employers and the workers are represented. Such a machinery exists not only in England but also in

[Prof. N. G. Ranga.]

Australia and in New Zealand. This machinery has produced very good results. One of the objects that it is expected to serve is to enable the workers to become organisable and to become organised. It is stated to be one of the objects of this Government to help our workers to organise themselves and help them to strengthen their trade unionism in this country. It is admitted by the Royal Commission on Labour. It has gone out of its way to suggest that workers should be granted representation in Legislature in their organisational capacity and not in their individual capacity and the Delimitation Committee had also accepted that and suggested that representation for labour should be given in this Legislature in their organisational capacity. This was done with the object of helping the workers and specially all those who have not recognised the advantages of trade unionism to realise the advantages thereof and to join the unions and thus strengthen the trade unionism in this country. I wish Government had accepted the recommendations of the Delimitation Committee and of the Whitley Commission in regard to this. I suggest that the right thing for the Government to do is to establish these Trade Boards in as many industries as possible, especially in those industries the workers of which ask for their establishment.

Instead of seeking to establish either the joint conciliation machinery or Trade Boards, Government now come forward with these two proposals, namely, to declare any strike or lock-out illegal and to appoint conciliation officers. We cannot accept these proposals even though our workers are placed at a very great disadvantage *vis-a-vis* the employers.

At present the workers are obliged to give 15 days' notice if they are employed in any public utilities and ten days' notice if they are employed in all other industries and in all other walks of life. Without that they cannot go on strike unless they are prepared to lose their wages and jobs also. Sir, according to the existing Act, to go on strike is declared illegal if the workers are employed in public utilities. I object to that very strongly and that for this reason. We can certainly expect workers to give sufficient notice to employers provided the public utilities are nationalised and are properly controlled by the public and also if there is a joint standing conciliation machinery to avoid most of the causes for friction. But at the present time in this country either in the provinces or at the Centre there is no joint standing conciliation machinery. What is more, most of the public utilities are being managed by privately-owned companies and individuals. We have seen what a debacle was enacted only the other day by the Bengal Nagpur Railway strike. There was the Agent who almost became a Nawab unto himself and was able to dictate his own terms. With all the influence that my friend, Mr. Giri, could command and with all the accommodation that the Government Members are supposed to have shown, it became impossible for the workers there to retain even the recognition of their union. What is the good and what is the advantage either for the workers or for the public to be derived by declaring such public utilities as absolutely public and, therefore, any strike occurring therein to be considered as illegal and *ultra vires*. Now, Sir, to make matters worse, Government seek to extend the scope of these public utilities by adding to the present list of public utilities Inland Steam Ships and Vessels. It is adding fuel to fire.

Then, I would like to know what is to happen after this particular period of two months is over. For two months a strike is declared to be illegal. Thereafter, if either of the two parties do not accept the decision of the recommendation of the Arbitration Board or the Arbitration Committee, what is to happen? Is the Government going to declare the recurrence of the strike again illegal? That would be a very dangerous position if Government were to intend to do that. I know in certain quarters it is felt that Government should reserve to itself the right to extend this declaration of illegality beyond this period of two months. I vehemently protest against that. I sincerely hope that even if Government were to be able to proceed with this Bill, they will not contemplate any such thing and they will categorically repudiate any such suggestion or any such intention and assure the House that any strike or lockout is to be declared only once and once for all for a period of two months and never thereafter.

I find that in the various provinces, new provincial ministries have come into power and I am happy to say that a majority of them are manned by representatives of the party to which I have the honour to belong. They have already shown how much they are in favour of labour and how they seek to implement the so-called and much-vaunted impartiality of this Government towards labour. It is a well-known fact that the Congress has declared, in its Karachi session, its readiness to accept the right of workers to strike and also the right of workers to organize themselves into unions. The United Provinces Government have already recognised the trade unions in that province and they have tried their best to bring about a settlement of the very big Cawnpore strike which took place during last month. It is in great contrast with the manner in which this Government has behaved in the past. There, no sooner had the strike taken place, than the Premier, Pandit Govind Ballabh Pant, had run from Lucknow to Cawnpore in order to get into touch with the parties concerned to bring about a settlement. The Labour Minister and all the other members of the Government were busy all the time to bring about a settlement, and that settlement, I can assure you, has been reached in almost a short record space of time. What is more the employers who were so adamant in their refusal to recognise the union were obliged to recognise it and they were obliged to agree to the proposal of the Government that the dispute should be referred to a Conciliation Board. Such is the way, I expect, in which the Congress Ministries are going to deal with labour problems and labour strikes in this country. There were three strikes in Madras, and my Honourable friend, Mr. Giri, has got it to his credit that all these strikes were almost instantaneously settled without any great or grievous loss to the employers themselves because where there is a will there is the way. Therefore, I do not want the Government to be in a hurry with this piece of legislation and thus deprive the various Provincial Ministers of Labour from making their own experiments and gaining their own experience and see how far they can give a lead even to the Government of India in matters of labour legislation. If by any chance the Government were able to take this Bill to the Select Committee, I suggest that they should stay their hands and see that the Select Committee does not meet at least during the course of the year so that the Provincial Ministers will have the chance of gaining experience and giving the benefit of their experience to the Central Government as well as to the House.

[Prof. N. G. Ranga.]

With these suggestions, although I would very much like to oppose the Bill as a whole and prefer to have the Act as it is, obnoxious though it is, I am prepared to make the best of a bad bargain and abide by the decision of this House, if in spite of our protests, the House were to decide in favour of sending the Bill to the Select Committee.

Mr. N. V. Gadgil (Bombay Central Division : Non-Muhammadan Rural) : Sir, my Honourable friend, Prof. Ranga, has already stated that in six Provinces the Congress Ministeries are functioning and some of them, at any rate, are going to enter upon labour legislation very soon. In fact after the passing of the Government of India Act, 1935, much of the labour legislation logically and necessarily falls to the jurisdiction of the Provincial Governments and I would have been very glad if this Bill had been abandoned altogether and, if after five or ten years, it was found that there was an absolute necessity to co-ordinate the various legislations passed by the Provincial Legislatures, then it would have been in the fitness of things that the Central Government should have come forward, not with an amending Bill of this character, but a consolidating Bill embracing all the aspects of labour legislation. However, inasmuch as this Bill is sought to be gone through and a motion for reference to the Select Committee has been made, I propose to deal with it as briefly as possible on the understanding that any way the Select Committee will not meet this year, but will meet sometime after January, 1938. In the first place, I am glad the Government have recognised their obligation that they must not remain aloof from industrial disputes. I quite remember, a few years ago, in my Province which is I do not say notorious, but known for industrial disputes namely, Bombay, the Home Member then stated that the business of the Government was to keep the ring clear and its concern was mainly to maintain law and order and it had nothing to do with the disputants and unless a requisition was made by the parties to the dispute, it was none of the business of the Government to mediate. But, Sir, things have moved from that position and today we find that, at any rate, since 1929, when the main Trades Disputes Act was passed, the Government have definitely undertaken certain obligations to the community at large to intervene in certain circumstances in labour disputes. When the original Act of 1929 was passed, the main section in that Act, namely, section 16, was passed immediately after the general strike in England, in 1926, and if you were to refer to the speeches during the passage of that Act you will find that the main object was to secure protection for the community in case the strike was undertaken, not for a *bona fide* trade dispute, but for the furtherance of some political object and there was severe, general and prolonged hardship caused to the community. At that time there was a big strike in Bombay and it was a sympathetic strike. It was not a general strike in fact, as far as I am able to see, I agree with my Honourable friend, Mr. Joshi, that there has been no general strike in India. The strike in 1928 was merely a sympathetic strike covering only one industry, namely, the textile industry and in Bombay only. That kind of strike was not in the mind of the Government when it passed section 16 of the Trade Disputes Act of 1929. Therefore, to come now and say that it is necessary to embody a clause like clause 8 in the light of experience, because the old section has failed, is illogical, in my humble opinion. The object of the old Act of 1929 was to prevent political strikes. The object of the

amending Bill, and particularly of clause 8, is to prevent any kind of strike which is likely to cause or has caused severe prolonged injury to any section of the community. In other words, these are two different principles. If the object of the 1929 Act was to prevent political strikes the object of the present clause 8 is to prevent any kind of strike ; in other words, to deprive the workers of their right to combined action and the fundamental right to strike. This is not the opinion of an individual like myself, but if you were to see the opinions and specially the opinion of the Government of Bombay, you will find that that Government has not taken very kindly to this measure.

Now at this stage it would be worth while to examine what has been the effect of the working of this Act from 1929 up to 1936. If it was the object, firstly, to stop political strikes and secondly, to intervene in industrial disputes, how much has it been able to achieve for Government in that direction during that period ? If one were to take the number of strikes one finds from the Bulletin issued by the Department of Industries, No. 62, that during this period there have been nearly 1,159 strikes, and only in five cases did Government think fit to bring into operation the machinery that had been contemplated in the old Act. And in all these five cases although the result has not been very satisfactory, it has been able to achieve something like satisfaction at least for some of the parties, if not all the parties concerned in the disputes. Why was it that that Act has failed to achieve industrial peace ? It was because in the first place the machinery that is contemplated there is to be brought into operation not at the initial stages, not with a view to prevent the strikes or labour disputes, but at a stage when the strike or the dispute has assumed grave proportions ; and in the second place, whatever may be the result of the inquiry or the arbitration there is no provision in the old Act, just as there is no provision in the present amending Bill, that the award or finding would be binding on either the employers or the employees. So long as that is not there, no machinery that is calculated to be brought into operation, after the strike has started, is going to be crowned with success at all. Therefore, we must look to a more radical solution of this problem.

Then, Sir, in the present Bill it has been pointed out that although clause 8 is wide enough to embrace any kind of strike, there is simultaneously a remedy provided for for compulsory arbitration, although in an indirect manner. As soon as a strike is declared illegal under the proviso, the machinery comes into operation :

" Provided that no such notification shall be issued unless on, or before the date of issue the Governor General in Council or the Local Government, as the case may be, has made an order under section 3 referring the trade dispute in question to a Court of Inquiry or a Board of Conciliation."

So, unless that is appointed no strike can be declared illegal. But will it serve the purpose of securing industrial peace ? That is the test by which I propose to test the utility or futility of this measure. What will happen ? As the clause stands it embraces every kind of strike. Strikes are not undertaken for any wanton cause ; they originate in some sound economic dispute. To begin with, the position will be like this that the strike in its initial stage is undertaken on a specific economic grievance which is sound and legal. Then when the workers assume strength they organise the strike. Government keeps clear and then it finds that it is going to inflict some injury on some section. There is no

[Mr. N. V. Gadgil.]

strike which will not inflict some injury on somebody. To start with, the strike will inflict injury, in the first place, on the workers themselves, and, in second place, on the employers or the industry concerned. So you cannot contemplate any strike which will not cause injury to somebody. Therefore, in that way, if the Government is so minded it can stop all kinds of strikes. But let us assume that the Government is going to interpret the rules in a liberal manner and the strike is allowed to continue. It continues for some time, it being legal in its initial stages. What happens? As I have stated, the workers organise; they are in a position to achieve success and redress at the hands of the employers. And if the Government has a bias for the industry, immediately the Government will come on the spot and declare the strike to be illegal and appoint at the same time its arbitral machinery. What will be the position of the workers themselves? In the first place, the workers will be absolutely leaderless; no leader can come and ask them to continue the strike, because it has been declared illegal. Where is the guidance for them? What are they to do? Is it binding on the employer under the provisions of clause 8 that as soon as a strike is declared illegal the employer must take back all the strikers irrespective of the finding of the arbitration board or the court of inquiry, whatever may be the case? The strikers will be in their own houses, the industry will have been closed down, and the arbitration machinery will continue to work. Then, after the lapse of two months, let us assume that the court of inquiry or the board of arbitration is not able to complete its inquiry and give its conclusions. What then? The strike becomes automatically legal but by that time the strength of the strikers has absolutely fizzled out. That is the intention, at least that is the accusation made by the various trade unions who have given their opinions when this Bill was circulated for public opinion; and there is some truth in it. If, Sir, you were to find the genesis of this amending Bill, you will find that from time to time the Millowners' Association and the Merchants' Chamber of Bombay have been writing to the Government of India to have some amending Bill so as to introduce intimidation and picketing clauses in the Trade Disputes Act, so that the power of the workers may be absolutely curtailed. I do not propose to take the time of the House by reading extensively from these letters which are to be found in paper No. 3. But it seems obviously clear that the cue was taken from the various suggestions made by the Millowners' Association and other industrialists of Bombay. And especially after the decision in the case of labour leaders in the strike of 1934 when there was a sympathetic strike in the month of May in Bombay and some of the leaders of the workers were prosecuted under section 16 of the Trade Disputes Act of 1929,—they were acquitted by the Chief Presidency Magistrate,—there was an appeal, and in this appeal it was held that the accused committed no offence, because it did not inflict injury on the whole community as such, nor did it compel the Government to do or abstain from doing something and when the Government found that this section was inadequate to deal with such kind of troubles, they have come forward with an amending Bill, and particularly with clause 8 which embraces every kind of strike as I have just stated. It is argued that it is done in the interest of securing industrial peace, but the direct consequence of clause 8 of the Bill is that the power and strength of the workers will be crushed, they will be left leaderless, the position

will be stagnant. Not only that, Sir, if the object of the Government is to secure industrial peace, that object will not also be achieved. That is the considered opinion of the Labour Commissioner with the Government of Bombay. He has described this Bill as an absolutely useless measure,—I think stronger language cannot be used. Therefore, Sir, if this clause is deleted completely, or even if the old section 16 is retained, I shall not be satisfied. I do not know what will be the legal position in the Select Committee if one were to move that the old section 16 should also be deleted.

Mr. N. M. Joshi : That will be quite in order.

Mr. N. V. Gadgil : If that is in order, it will be done. Then, Sir, with

8 P.M. regard to the machinery about Conciliation that is contemplated in the new clause 11, it is suggested that conciliation officers will be appointed, but conciliation cannot come when a strike is already on. It must be there, and I agree that in the clause the duties of the conciliation officers are laid down, and they are supposed to prevent or mediate in or settle trade disputes. Although it is good in principle only in the sense that there must be conciliation *ante-strike* as well as *post-strike*, yet it is not the most democratic method. As my friend, Prof. Ranga, pointed out, why not constitute Whitley Councils, why not constitute Permanent Arbitration Boards? He has given illustrations from other countries, but I shall give an illustration from nearer home :

"In Ahmedabad",—I am reading from Bulletin 62, published by the Industries Department—"the permanent Arbitration Board has existed since 1920. It consists of one nominee each of the Millowners' Association and the Ahmedabad Labour Union, but before any matters are referred to it, these bodies endeavour to reach an amicable settlement."

Now, I ask, Sir, why should not this method be copied? Why should there be always a bias for appointing a Government official for conciliation work? Why not make the workers feel that they are as wise in settling disputes as they have been hitherto vigorous in conducting strikes. That will create a sense of responsibility among the workers if you appoint Conciliation Boards just as you are trying to appoint Conciliation officers in specified areas, for specified purposes, and for specific industries, in fact for every section of the industry. So that, before any strike is undertaken, the workers and the employers will come together before this Arbitration Board and try to settle the matter. In fact, in this connection, I may refer to certain mediation rules that were suggested by the Millowners' Association before the Court of Inquiry that was appointed in 1929. There certain rules have been recommended, and there the machinery is this. There are three stages contemplated. At every stage there is joint consultation, and if at one stage the joint consultation fails, then there is the Arbitration Board, and if that fails, there is another, and ultimately, if there is no solution of the problem, then each party is at liberty to have its own way. Therefore, Sir, the chief point I wish to urge is this. I agree that conciliation must be before a strike takes place. For petty things strikes should not be undertaken as they are undertaken in some cases, but if the conciliation machinery is there in which the labour has a voice equal to that of the employers of the industry, I am certain that 50 or even 60 per cent. of the strikes will not materialise at all. That should be the object of the Government. There is no use of appointing merely a Government official, because then there will be the accusation of the

[Mr. N. V. Gadgil.]

Labour Unions against such appointment. Their accusation has all along been, and there is some justification for it so far as the experience of the Bombay Labour officer is concerned, that these officers if not directly, but indirectly so act as to affect the influence of the leaders over their followers. The intention of the Government, according to them, is to substitute this labour officer for their leaders. That should not be the case. If the intention of the Government is to organize workers, then the Government must take as many people from the ranks of the workers as they can into their confidence, and not force on them anything from above; if anything, it must come from below.

Then, Sir, there are other minor points about the public utility services. I agree with Mr. Joshi when he suggested that protection should not be given to such public utility concerns if they are privately owned.

Mr. B. Das (Orissa Division : Non-Muhammadan) : Then you want them for limited concerns ?

Prof. N. G. Ranga : State-managed ; otherwise don't give them protection.

Mr. N. V. Gadgil : That is all I have to say, Sir.

Mr. Brojendra Narayan Chaudhury (Surma Valley *cum* Shillong : Non-Muhammadan) : Sir, I find that at this stage when the Bill is going to be referred to a Select Committee, an elaborate discussion on this measure has taken place, but since the discussion has started,—and most of the discussion has been on behalf of labour,—I consider it my duty to say a few words on behalf of the small employer. I find from the draft Bill which is before me that the Government will acquire some executive power if this measure is passed into an Act. The Government of India in certain cases and the Provincial Governments in others will be the guardian angels of employers as well as the employed. The Governments will arm themselves with very wide powers to interfere or meddle in any disputes that may arise not only between an employer and a labourer, but also between an employer and an employer and between a labourer and a labourer if they are satisfied that the community at large or even a small section of it is suffering great and serious hardships.

Sir, already I have heard it stated on behalf of labour that even though the legislation be unobjectionable the people who will work it will not be of the proper type. I believe something was said about the province of Bombay that the persons who will work this measure will not be of the proper type. Apart from considerations about personality which it is useless to discuss here because in this modern world, particularly today, we not only in this country but throughout the world have forgotten the cardinal basis on which society is based, that is, the moral sanction. Every country throughout the world, including this our country, is losing in morality. Everybody is thinking in terms of himself only. That is the principal ailment which is troubling us. However, in a discussion of this Bill I may be told that this high discussion is useless. I only mentioned it as a side-thought just to impress upon the House that the measure with which it is proceeding is only half measure and it must necessarily be half-hearted. If we go on giving the State more and more powers to interfere in business,

in relations between man and man, I am quite sure that the logician will tell you that the ultimate end is communism, which was tried in Russia and which we are told is already beginning to fail. But, apart from those bigger considerations, my first objection to this Bill is that the Government have tried to arm themselves with too wide powers. If it is considered necessary in the interests of the community at large or in the interests of employers or in the interests of labourers to have some control over disputes, then it ought to be a very limited power and the Bill must specify in greater detail the occasions on which those powers will be used. Take the power to declare a strike illegal. Most of the Members will agree with me, and I think all the Members of the House are aware, that legislations of this kind are undertaken in the interests of the big foreign capitalists and also the big Indian capitalists of Bombay and other places and mainly with a political intention. So far as the political intention is concerned, I, standing on the floor of this House, on this side, enter my strong and emphatic protest. If the intention is simply to quell disputes, I, on behalf of the small Indian employer of labour such as in tea districts, do object because such a legislation, instead of helping the employer, puts him in a very unenviable position. Advantage of the provision is always taken of by the big employer particularly. Probably most Members of the House have heard of the greatest tea labour strike of the year 1921. It was called a Tea Exodus. European gardens were vacated by the labourers but not the Indian-owned ones. And why ? It was due to the human element, the human relation, the personal relations, that exist between the Indian manager and the labourers as against that between the European manager and the labourers. Indeed in only one Indian-owned tea garden the labourers left. When the labourers were confronted at the Railway station by the Managing Director they said that their grievance was that the Manager Babu donned a hat and played the *sahib*. Therefore, on behalf of the small employer I say that we do not want this legislation and he would be much better without this legislation.

Mr. Deputy President (Mr. Akhil Chandra Datta) : Mr. Griffiths.

Some Honourable Members : This is his maiden speech !

Mr. P. J. Griffiths (Assam : European) : This is the first occasion on which I have had the privilege of addressing this House as a non-official although, I cannot accept the description of my speech, as a maiden speech, which has just been used. But if I may parody that phrase I may refer to it as my *spinster* like speech. (Laughter.) It is a matter of some regret to me that on this occasion of my first non-official speech I should find myself compelled to oppose a Government Bill and to oppose that Bill not on some trifling ground of expediency, but because we, in the European Group, consider the fundamental principle of the main clause of the Bill to be radically unsound. We consider that principle unsound because if it is accepted it would confer an unjustifiable and arbitrary power upon the Government, a power which in our view should not be given to any Government whatever except in circumstances of the greatest emergency.

[Mr. P. J. Griffiths.]

I do not propose at this stage to make a detailed analysis of the Bill, but shall confine myself to calling your attention to its three main objects. First, it proposes to give certain powers to Government to declare strikes temporarily illegal. Secondly, it proposes to repeal the section under which some strikes are in themselves illegal; and thirdly, it sets up, though in a somewhat vague and inchoate way, a machinery of conciliation. As regards the first two of these objects we in this Group are radically opposed to them. As regards the third object we are in full sympathy with its purpose but we do not feel that the Bill, as it is at present drafted, implements that purpose. Let me take, first, the question of the power to declare strikes illegal for two months. I should like to call your attention at the outset to the fact that this power is of an entirely new kind in this country. Under our present legislation some strikes are indeed in themselves illegal, but it rests with the courts to examine any particular case and to decide whether in that case the conditions of illegality have been fulfilled. The effect of the present proposal is to transfer from the courts to the executive a very dangerous power and we, in this Group, stand for the fundamental proposition that powers of this nature must rest with the courts and not with the executive Government. During these last few months we have heard a great deal from Honourable Members opposite about what the Lord Chief Justice has called the New Despotism. We have been told that bureaucracy is gradually encroaching upon the domain of the courts. Could there be a worse example of encroachment upon the domains of the courts than this attempt to transfer functions of a quasi-judicial nature from the courts to the executive.

Then, Sir, we come to the question as to what kind of strikes can be dealt with under this particular provision and, when we turn to the wording of the section, we find it is rather wide: any trade dispute which is causing or is likely to cause serious and prolonged injury or hardship to the community or any section of the community or to employers or workmen generally or to any class of employers or workmen, anything which may cause hardship to almost anybody is covered. For my own part, I find it very difficult to imagine any strike which could not reasonably fall within this definition. If that is the intention of the Bill, let us at least be frank about it. Let us have in place of the existing clause a clause which will say that the Local Government shall be empowered to declare any strike illegal for a period of two months. After all, we have to face the fact that the strike is a normal occurrence in modern industrial life. It is an essential principle that special and drastic powers can only be given to Government to deal with particular emergencies and not to deal with what may be regarded as a normal occurrence. I know that we have on the Statute-book now—and we have heard a great deal about it from my Honourable friends opposite, laws which have been characterised as repressive. But at least my Honourable friends would admit this that the object of that legislation was to deal with people who either were committing, or, according to the view of the Government (which my friends may say was mistaken), were about to commit crimes against the State.

Everything in that legislation was intended to deal with the commission of or the intention to commit a crime against the State and there can be no analogy between emergency legislation meant to deal with subversive movements and legislation of the type which is now before us, meant to deal with the perfectly normal occurrence of a trade dispute between the employer and the employee. I think, I can safely assume that nobody in this House, and I hope nobody outside this House in India today wishes to deny the perfectly natural and moral right to strike. But for the weapon of strike it is perfectly clear that industrial organisation in England would never have reached its present high state of efficiency and what has been accomplished in England can be accomplished in India. We must at all costs preserve this right to strike and preserve it in a form which will be effective and which will not be shorn of its effect by a provision that forsooth you must wait two months after Government have chosen to step in. What, after all, is the purpose of this proposed waiting for two months. Its object apparently is that Government can set in motion the machinery of conciliation courts and conciliation boards. But the average strike is brewing for a very considerable time before it actually starts and there is no reason in the world to prevent Government, under the present Trade Disputes Act, from invoking that machinery of conciliation boards and conciliation courts at an earlier stage. It is our belief that if this Bill passes into law, instead of keeping alert and instead of introducing the machinery of conciliation at an early stage, there will be a natural tendency for Local Governments to follow the line of least resistance and to wait until the strike has begun before they try and set in motion the machinery of conciliation. One other point in this connection. In England, labour is well organised. The trade unions are strong. They are so strong that to some of us they have at times seemed almost a menace but in spite of their strength and in spite of their sometimes aggressive character, it has not been found necessary in England to have this particular kind of protection against the possibility of strikes. In India, labour is weak, labour is unorganised. Why do we, the public in India, need a degree of protection against strikes which is not found necessary in a country where labour is strong. I submit that if this particular part of the Bill becomes law, every strike will be made an occasion for an attempt to bring political pressure to bear upon Government to get them to have recourse to this particular section. Let me take an example which may perhaps illustrate my purpose. At the time of the Coronation in England, you had a great bus strike in London. The time for the strike was deliberately chosen by the bus men concerned because they thought that they could inflict great hardship on the public and therefore, their employers would have to give in—they, the busmen, would be in a strong and advantageous position. Supposing this particular section had been in force in England, what would have been the position? It was a strike which affected millions of people at a time, when the necessity for transport was greater than at normal times. Literally millions of people were stranded. Thousands had to go on foot. No better time could have been chosen for inflicting what this section calls 'hardship on any section of the community'. Had this section of the Bill been in force in England, I do not see how any

[Mr. P. J. Griffiths.] Government could possibly have resisted the demand to declare that strike illegal and to prevent those bus-men from making a very reasonable use of the strong position in which they found themselves. It is not difficult to imagine that had such powers existed and had those powers been used, the bus strike might very easily have turned into something very much more serious but by the mercy of Providence no such powers existed and the result was that ultimately a peaceful settlement was reached. This is a first class example of a case in which Government could not have refused to exercise these powers, if it had possessed them and yet in which we can say that the absence of any such power has in the long run worked for a peaceful settlement. It is for these reasons that we in this Group regard this particular part of the Bill as most dangerous. One point I had forgotten. Who are the people who are to judge whether any particular strike is to be dealt with under this section or not? They are the very same people who are charged with the duty of preserving law and order. I say this without any intention of being offensive but it cannot be said that the man who is responsible for preserving law and order will take quite the same impartial view of this question as an outsider. It is not a question of any conscious bias but I think it is perfectly clear that a man who is responsible for keeping law and order in a district will inevitably take a somewhat biased view of any movement of this sort. This applies just as much to Government as to humble officials. We feel, therefore, that this power is a dangerous power to be put into the hands of any Government whatsoever.

Now, I shall touch very briefly upon the second part of the Bill, the part of the Bill which replaces the existing section 16 and here, for one moment, I cannot expect my Honourable friends opposite to be at one with me. We feel that if there is one kind of strike which demands the existence of special powers it is the strike not intended for economic ends. The political strike, let us remember, will not be covered by the proposed clause of the new Bill. If men enter upon a strike for economic reasons, normally they can be held up for two months but, if they enter upon a strike for unjustifiable reasons, which has nothing to do with trade disputes, there is no power whatsoever to deal with that strike at all. You are putting a premium on the political strike as compared with the economic strike.

I should like to say one word about that part of the Bill which proposes to set up machinery for conciliation. We, in this Group, are particularly convinced of the importance of conciliation and of the necessity of framing some kind of legislation which serves that desirable end but when we turn to the Bill as it at present stands, we find very little which would justify the hope that the machinery provided here would serve that very useful purpose. Our strongest criticism of this particular part of the Bill is its delightful vagueness. We are told that it will be the duty of conciliation officers to prevent strikes and settle trade disputes. We are also told in the same clause that the powers and functions of the officers so appointed shall be such as may be prescribed by rules. In other words, the whole sting of the clause will be in the rules. It may be a first-class section, it may be

a thoroughly bad section. Everything will depend upon the drafting of the rules and upon the functions and powers which are devolved on the conciliation officers under the executive orders of the Government. We, in this Group, feel, that the matter is of so much importance, that if powers and functions are to be devolved upon executive officers, we, in this Assembly, should have ample chance of discussing those powers and those functions. It is, therefore, our view, that this particular conciliation section does not adequately meet the case. For all these reasons, Sir, we find ourselves compelled to oppose the Bill. We realize that our opposition may prove fruitless, but, nevertheless, we feel it our duty to state that we regard the fundamental principles of the Bill as being dangerous in the extreme.

Mr. N. M. Joshi : Mr. Deputy President, when last year the motion for the circulation of this Bill was discussed in this House, I expressed my views regarding the principles underlying the various clauses of this measure. On this occasion I do not wish to repeat what I stated last year. I shall content myself with briefly stating what my attitude is towards the main clause of this Bill and I shall briefly deal with one or two points mentioned during the course of the discussion today. Sir, let me assure this House, if any assurance is necessary, that I stand for industrial peace always. I believe that the workers suffer from strikes more than the employers do. If, therefore, the workers resort to a strike at any time, they do so when they find that, without going on strike, they cannot prevent a worsening of their standard of life or they cannot secure any improvement in the conditions of their life and work. Therefore, when the Government of India undertook to enact a measure by which industrial peace might be secured or at least the establishment of industrial peace might be helped, I was willing to co-operate with them at all stages. But, Sir, when this measure was discussed last year, I had to state, as regards clause 8 of that Bill, that that clause may prove hostile to the interests of the working classes of this country. I am in favour of some provision by which Government may be able to secure the postponement of a strike till the Government has had an opportunity of inquiring into the circumstances of that strike. But if such a measure is to be accepted, Government must take the responsibility upon themselves of inquiring into the circumstances of the dispute which is likely to take place if the likelihood of such a dispute is brought to the notice of the Government. Sir, a provision of this kind may be helpful in preventing strikes. Unfortunately, this clause of this Bill falls short in some respects and goes much further in some other respects. Clause 8 of the Bill does not throw on the Government the responsibility of inquiring the circumstances of a dispute which is likely to take place when such likelihood is brought to the notice of Government. It is left to the discretion of the Government to take notice of the warning which may be given to them. It is left to the discretion of Government to set up a machinery for inquiry or not. On the other hand, this Bill gives power to the Government to declare a strike illegal not only before a strike takes place in order that the strike may be prevented, but clause 8 of this Bill gives power to the Government to intervene in a dispute during the course of the existence of that dispute. I feel, Mr. Deputy President, that this power given to the Government to declare a strike illegal, after it has taken place, has great possibilities of danger from the point of view of the working classes. It is not easy for

[Mr. N. M. Joshi.]

the workers to organize a strike. They have to bring together all people and persuade them that, if there is to be an improvement in their conditions of life or if any worsening of their conditions of life is to be prevented, then they must take some action which involves a great risk to them. When the workers take all the trouble to organize a strike and go on strike, then comes the Government to intervene. I feel, Sir, that it is wrong for Government to wait for their intervention till the workers take all the trouble to organize a strike, collect money and do everything that is possible to make the strike successful. If the Government want to intervene, let them intervene before the strike takes place, as soon as it is brought to their notice that there is a likelihood of a dispute taking place. Moreover, Sir, if this power is given to the Government, we fear that the power may be exercised only when the Government finds that, without the intervention of the Government, the workers are likely to be successful. Sir, it is quite possible that there may be some Members here who may have confidence in one particular ministry in one province. There may be others who may have confidence in the ministries of some other parties in some other province. Sir, I am not prepared to put implicit confidence in any ministry which is not a working-class ministry. (Laughter.) I, therefore, do not like this power to be given to the Government to intervene in any dispute after the dispute takes place. I am in favour, as I have stated, of Government intervention, if Government wants to intervene before the strike takes place. It is quite possible that Government may say that some strikes may take place without any notice being given to a Government. It is under those circumstances that Government may have to intervene even after the strike takes place. But, Sir, provision can be made that if it is not brought to the notice of Government that there is a likelihood of a strike, in that case alone Government may intervene after the strike takes place and that too within a limited time after the strike takes place. Mr. Deputy President, the general question of how industrial peace should be established and maintained was discussed by some of my friends. My Honourable friend, Mr. Gadgil, stated that industrial peace may be established by the establishment of Whitley Councils or by the establishment of Arbitration Boards. I do not wish to discuss this general question but I do not feel that by merely establishing Whitley Councils peace will be established in the industry. The machinery of the Whitley Council will certainly be helpful but industrial peace will not be established only by that machinery. Similarly, the arbitration is not also a method which will always help the workers. In the first place, it is not easy to secure arbitrators who will be impartial to workers and in the second place it is wrong to throw the responsibility of enforcing the award of an arbitrator upon an unorganised mass of workers. Therefore, my suggestion is that the workers should organise themselves and Government should provide the machinery by which the justice or the injustice of the cause of the workers or of the employers shall be brought to the notice of the public and it should be left to the parties themselves to decide whether the decisions of the courts of inquiry or conciliation boards should be accepted. When the Government of India passed the Act of 1929 they were perhaps anxious to intervene in industrial disputes for the establishment of industrial peace. Perhaps they thought that the Provincial Governments may be anxious to help the

establishment of industrial peace. Unfortunately, our experience during the last seven or eight years has been that the Provincial Governments are not anxious for the establishment of the industrial peace. Whenever it is brought to the notice of the Governments that there is likelihood of a strike or workers have grievances, the Local Governments have refused to take notice of the warnings given to them. Whenever strikes take place and Governments have been asked to make inquiries into the circumstances of those strikes, they have refused point-blank to set up courts of inquiries or boards of conciliation as provided by the Act of 1929. The Provincial Governments depend more on their powers under section 144 than on the machinery provided by the Act of 1929. If the present machinery has failed, it has not failed on account of the defect of that machinery. It has failed because the Provincial Governments refuse to make use of that machinery. The Provincial Governments believed more in their powers of coercion than in their powers of conciliation.

I was amused by the refreshing tone of the speech of my Honourable friend, Mr. Griffiths. I am glad to welcome him among the ranks of those who advocate the rights of Indian labour. I hope his advocacy of the rights of Indian labour will continue hereafter and will be helpful to us in our cause. But I do not agree with him in some of the statements which he has made. My Honourable friend stated that section 16 of the Act of 1929 provided against political strikes. Sir, I do not agree with that view of section 16 of the Act of 1929. Section 16 of the Act of 1929 is a section of the Trade Disputes Act. If there is a trade dispute, that is, a dispute between employers and workers, then only the provisions of the Trade Disputes Act of 1929 will apply. A political strike declared by the Congress in order to secure the release of political prisoners cannot be dealt with under section 16 of the Trade Disputes Act of 1929 because it will not be a trade dispute. The section may literally apply to such cases but it will be an abuse of that Act to use it for the purpose of preventing a political strike. That Act was passed in order to regulate trade disputes, that is, disputes between the employers and the workers and not disputes between the Government and the subjects of that Government. Therefore, he is wrong in thinking that by the omission of section 16 of 1929 Act the power which Government had enjoyed for putting down political strikes had been taken away. I hold that the power of preventing political strikes never existed and was never given to the Government of India by section 16 of the 1929 Act. If there are people here who want to prevent political strikes, let them bring forward another measure but they cannot deal with political strikes under an Act which is intended to deal with trade disputes.

Sir, I do not wish to take up any more of the time of this House. So far as this measure is concerned, I have already stated that I consider section 8 of the Bill as it is drafted at present as being hostile to the interests of the working classes, but I am not prepared to support my Honourable friend, Mr. Griffiths, in opposing the motion for referring the Bill to a Select Committee. I am prepared to wait and see what the Select Committee does. If the Select Committee improves section 8 and provides a measure for postponing strikes, at the same time providing for a compulsory inquiry, I shall not oppose this measure. But if the clause is kept as it is, I shall have to consider what attitude I should take when the Bill comes here for consideration again next year.

Sir, I support this motion.

L194LAD

Maulana Zafar Ali Khan (East Central Punjab : Muhammadan) : Sir, I feel it my duty to oppose this Bill with all the strength that I can command. The trouble that the Bill intends to remove is of comparatively recent origin.

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

Not very long ago, there were days when there were no strikes. There was no clash between capital and labour. But those were days when God Almighty ruled this world. Mammon did not rule this world in those days. This is the age of Mammon worshippers. Government is for Mammon worshippers, mill-owners are for Mammon worshippers and the capitalists are for Mammon worshippers and against all these worshippers of Mammon are ranged poor working, sweating workers who ask for justice, but justice is nowhere.

I see, Sir, that during this materialistic age, this industrial age, the people's inordinate wish to amass wealth is going on rapidly, and Government, instead of curbing this, I should call Satanic desire, have ranged themselves on the side of those who amass wealth. What do we find? During the Great War of 1914 the British Government having been encompassed on all sides by greater powers got millions from the Jews and they made iniquitous promises to establish their home in Palestine and the result is obvious. In India there are millowners, and the millowners are a party in themselves. They want to destroy the power of the weak limb. Why do strikes arise? In this way. A man by the sweat of his brow earns four annas a day and the employer who employs him earns as against this four annas, Rs. 400. The man naturally thinks, 'I want something more for myself'. He is denied that. Then what is the remedy for the poor fellow. If the poor fellow goes to the Government, they say, 'well these millowners, these industrialists, these capitalists are my pets. War may break out again and it will not be you poor fellows who will put money into my coffers, but it would be these industrialists'. Therefore, the Government always show partiality towards the millowners and the employers and the worker goes to the wall. The last remedy left to him is to strike and then the Government come down upon him and say 'you have no right to protest against the injustice that is being done to you, your strike shall be proclaimed illegal'. This is what I call iniquitous. The Government have no right to call it illegal. Let the two settle the dispute between themselves. The worker does not have recourse to strike because he loves it. The poor fellow cannot earn his bread or get his clothes, he is in a semi-naked and semi-starving condition throughout the year. Why does he go on strike? Because there is no other remedy. Even this much right is denied to him. I, therefore, oppose the Bill. I would have said much, but when I find that an Englishman like Mr. Griffiths comes to plead the cause of India, I think the days of India are.....

An Honourable Member : Numbered !

Maulana Zafar Ali Khan : I do not say numbered, I was delighted to hear the speech, a most clever speech, a most sympathetic speech. If this question of labour and capital, this clash between labour and capital is

looked at from a more sympathetic point of view, I think all our troubles would end.

Maulvi Abdur Rasheed Chaudhury (Assam : Muhammadan) : I would like to speak a few words on this motion. Sir, the Bill has been discussed in this House in its various aspects and there is very little left for me. I am not going to waste the time of the House by repeating the arguments which have been put forward by the previous speakers. So, I would confine myself only to one or two points which I think have not been adequately touched. The Bill is going to arm the Government with very dangerous powers so far as the capitalists and the labourers are concerned. I will read to the House the proposed sub-section 2A as embodied in clause 7 of this Bill. It says :

"When an employer receives from any person employed by him the notice referred to in sub-section (1).....he shall within three days from the receipt.....report the fact to the local Government and if he fails to do so shall be punishable with fine which may extend to Rs. 500."

Sir, look at the dangerous provision inserted here. Suppose the employer is a Marwari who does not care much for education and things like that. If he receives a notice, he will have to report immediately within three days to the Local Government. What does it mean? He will have at once to run to a pleader to draft a representation of his and forward the same to the Local Government. If the subject matter of the representation is approved, so far so good. But if information is called for on any further points, he will have to run again to the pleader to draft another representation to the Local Government and all this means money. In whatever field the Government put their hands in, it attracts money from the person involved. It is known to all how notices are served. Even the ordinary peon does not spare anybody when he goes to serve the notice or anything without extracting some money from the person on whom the notice is to be served. In return for this expenditure what does the Government propose to do for the employers? Nothing. If there is a strike, the Government will at once take steps to declare the strike illegal. If the labourers do not find out what illegality is and if they persist in their demand, the Government will send their police force to coerce them into submission. Then, Sir, the Government will continue this order of illegality for two months. What will the poor employers do? What will the poor labourers do in the course of this period. Any ordinary strikes the employers can settle quite easily, but if there is any connection of the Government in these strikes the persons concerned would not come to any terms with their employers and will seek for relief at the hands of the Government which their underlings will promise in many other ways although they would not be able to give any.

Mr. President (The Honourable Sir Abdur Rahim) : It being four of 4 P.M. the Clock, the House will now take up the adjournment motion.

MOTION FOR ADJOURNMENT.

AMENDMENT OF INDIAN LEGISLATIVE ASSEMBLY RULES.

Mr. S. Satyamurti (Madras City : Non-Muhammadan Urban) : Sir, I beg to move :

"That the House do now adjourn."

[Mr. S. Satyamurti.]

I hope no irrelevant considerations will be brought to bear on this discussion, to baulk the House of its rightful vote on this occasion. Although I plead guilty to being an humble Congressman, I raise this question on behalf of all non-official sections of this House. My first point is that these rules, which form the subject matter of this motion, were made without consulting this House. I suggest,—if I am wrong my Honourable friend, the Law Member, will correct me,—that, normally speaking, Government do consult this House in respect to new rules which they make, even though it may be that on one occasion when they made these new changes of rules governing questions, which I understand are not being welcomed by anybody concerned very much or very happily, they did consult this House, when we were all absent. But they did consult this House, and, this morning and yesterday, they consulted the House on the rule governing motions of privilege. What the effect of the vote of the House will be, I think I can see from the face of the Honourable the Law Member. But that is neither here nor there. They did consult us. My first point is—that in making these rules Government did wrong in not consulting this House as they have been doing. That is the gravamen of my charge against the Government. They ought to have taken this House into confidence, and taken our opinion and come to their own conclusions after considering our opinion.

Pandit Lakshmi Kanta Maitra (Presidency Division : Non-Muhamadan Rural) : Did they consult the President ?

Mr. S. Satyamurti : I will come to that.

My next point, Sir, is this. My Honourable friends will kindly turn to section 38 of the Government of India Act, 1935. I may utter a note of warning to my Honourable colleagues. This wretched Act has come into force although the Federation still, according to the Honourable the Law Member, hangs on the lips of an astrologer. May it hang there for all time !—That is my humble prayer. But my point is this. While the fate of Federation hangs in the balance, by some sections of the Act and some Orders in Council, these sections have come into force. And, even according to this section, this is how section 38 reads :

“ Each Chamber of the Federal Legislature may make rules for regulating, subject to the provisions of this Act, their procedure and the conduct of their business :

Provided that as regards each Chamber the Governor General shall in his discretion, after consultation with the President or the Speaker, as the case may be, make rules—

(d) for prohibiting, save with the consent of the Governor-General in his discretion,

various things including the asking of questions on various matters on which I will say a word presently.

My second charge against the Government is that, even according to this Act, the future Speaker of the Federal House, your successor in that Chair, will have to be consulted by Government. Government did not consult you,—may I know why ? You were in England, but after all there are air-mails nowadays ; letters go in about a week's time and, if necessary, cables can go. Why were you not consulted ?

Mr. President (The Honourable Sir Abdur Rahim) : As to what passed between Government and myself, I do not know whether the Honourable Member has any information.

Mr. S. Satyamurti : I say you were not consulted ; you may contradict me, if you like.

Sir, my second charge against Government is that even the Honourable the President or the Speaker was not consulted. These words were not put in there lightly ; after all, we have confidence in you, in your judgment, independence, and honesty and zeal for protecting the privileges and the self-respect of the House. Why were you not consulted ?

Then my third charge is that even the Leaders were not consulted. I agree the House was not in session, but why were not my Leader, the Leader of the Opposition, Mr. Aney, Sir Leslie Hudson, Mr. Jinnah, or any of those friends not consulted on this matter ? My first charge is in three categories ; they did not consult the House, they did not consult you, and they did not consult the Leaders of Parties. They went on in their own self-complacency,—I am sorry my Honourable friend who used that word yesterday, is not here.

They may argue that this was urgent and they could not wait. My answer to that is that there was absolutely no urgency whatever. The rules were published in the Gazette of India on the 24th July ; the House was meeting on the 23rd August. They could have well put down a motion on the Order Paper of the 23rd August, taken the opinion of the House, considered it, as they usually consider our opinions, in the evening, and published the rules the next morning, 24th August. Nothing would have been lost by pretending at least to wait for a month, and giving us the honour or the courtesy, empty though it be, of consulting this House. That was not done.

Then, Sir, they may say, that this thing would hang in mid-air and there would be no rules. Will Honourable Members kindly look at sub-section (3) of section 38 of the Government of India Act, 1935 ? That sub-section reads as follows :

“ (3) Until rules are made under this section, the rules of procedure and standing orders in force immediately before the establishment of the Federation with respect to the Indian Legislature shall have effect in relation to the Federal Legislature subject to such modifications and adaptations as may be made therein by the Governor General in his discretion.”

Therefore, it is not as if there is an inter-regnum, when there are no rules. These present rules would continue in force, even after the Federation comes and will govern the Federal Legislature. Therefore, there was no contingency or a kind of vacuum, when there would be no rules governing these matters. The rules will continue, until the Governor General may, in his discretion, change those rules.

Then, Sir, with regard to the asking of questions or moving of Resolutions, even the existing rules give ample power to the Governor General. If Honourable Members will kindly turn to rule 8, they will find that no questions can be asked on any matter :

“ affecting the relations of His Majesty's Government, or of the Governor General in Council, with any foreign State ;

(ii) any matter affecting the relations of any of the foregoing authorities with any Prince or Chief under the suzerainty of His Majesty, or relating to the affair

[Mr. S. Satyamurti.]

of any such Prince or Chief, or to the administration of the territory of any such Prince or Chief; and

(iii) any matter which is under adjudication by a Court of Law having jurisdiction in any part of His Majesty's dominions."

And then there is this provision :

"If any doubt arises whether any question is or is not within the restrictions imposed by sub-rule (1), the Governor General shall decide the point, and his decision shall be final."

The heavens will not fall, if any of us have the temerity to touch any of their Highnesses or any of the foreign States. The Governor General will come along and say, "You shall not ask that question". and nobody can raise any point with him; his decision is final. Similarly, with regard to Resolutions. There are rules under which the power is vested in the Governor General to disallow a Resolution even after you, Sir, have allowed it, on the ground that it cannot be moved consistently with public interest. That also governs adjournment motions, so much so that today there are ample powers vested in the Governor General, and Governor General only, to cover practically all the classes of cases covered by these new rules. Therefore, from any point of view there was no urgency. There was time for them to consult us, and sub-section (3) of section 38 provides for the continuance of these rules, and these existing rules provide for practically all the major contingencies.

Then, Sir, I want to say a word on the merits of these rules themselves. I concede at once that, so far as the rules mainly are concerned, they are consequential on the coming into force of the Government of India Act, when the Federation comes into force. But our existing powers are taken away, in respect of three major matters. We cannot ask any question on any matter connected with the tribal areas or the administration of excluded areas. Today we can; but before Federation comes, without the consent of the Governor General in his discretion,—we know what it is,—we are not allowed to ask any questions on any tribal area. We cannot ask any question on any matter connected with any Indian State. And last but not least, we cannot ask any question on the personal conduct,—I can understand the rule that we cannot ask any question relating to a Ruler of an Indian State,—but we cannot ask any question even on the personal conduct of any member of a ruling family. He may be a distant cousin of a Ruler of an Indian State; he comes and misbehaves in Simla; he attacks me or my friend Mr. Aney; still we cannot ask any question about him, because he is a member of a ruling family somewhere in India.

An Honourable Member : He or she ?

Mr. S. Satyamurti : If it is she, then I will not complain. (Laughter.)

Then, Sir, they make similar rules with regard to Resolution also.

With regard to Bills, there is a new Rule called Rule 19A which makes a provision that, even if I want to move an amendment to a Bill, I must fix to the amendment the previous sanction of the Governor General if that amendment requires such previous sanction. That, Sir,

is one of those matters on which your advice will have been valuable to them. There is the Standing Order 46, under which I can move an amendment on two days' notice; and I am asked, if I want to move an amendment, within these two days to get the consent of the Governor General to move such an amendment. I do not know how it is done by the Government,—they can do it in two hours, but, so far as we are concerned, I do not think it would be possible to get the consent of the Governor General within that short period.....

The Honourable Sir Nripendra Sircar (Law Member) : Have you tried it ?

Mr. S. Satyamurti : I dare not. I know you too well. But I suggest, Sir, that there ought to be some *via media* on this matter, and we ought to be able to evolve some formula by which amendments within the scope of the Bill which has been given previous sanction need not come within the mischief of this rule.....

Mr. President (The Honourable Sir Abdur Rahim) : What is the rule the Honourable Member is referring to ?

Mr. S. Satyamurti : I am referring to proposed Rule 19A.

Then, Sir, there is only one other matter, on which I should like to say something. They have now substituted a new rule on the functions of the Public Accounts Committee. As a matter of fact, when this rule was being made, the Public Accounts Committee was in session in Simla. We were sitting from the 19th of last month. We knew nothing about it until we saw it in the Gazette. This was a statutory Committee sitting in Simla day after day from 11 to 5,—and yet the Government did not tell us a word about it. I do not know why. Surely we know what is good or bad for us, but why don't you extend to us even the ordinary courtesy in this matter of consulting us ? You talk of co-operation, good-will and so forth, but when it comes to a test, you always treat us as if we do not exist, as if you have all the monopoly of wisdom, of knowledge, statesmanship, and what not. I do suggest, Sir, that Government must show some more understanding of human nature, and of Indian human nature.

Then, Sir, I merely want to make two points. The existing rule says that the Public Accounts Committee shall have the right to examine whether the money has been spent "within the scope of the demand", and a previous Auditor General has given us a good pamphlet which, I think, has formed a good guide to the Public Accounts Committee proceedings, and under the Chairmanship of my friend, the Finance Member, and his Deputy, Mr. Nixon, on the whole, we have tried to enlarge our functions. I was assured in the Public Accounts Committee that this rule contemplated no limit on our functions, but the real wording of the rule gives room for suspicion.....

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member's time is up.

Mr. S. Satyamurti : I shall finish in one minute, Sir.

Similarly, Sir, they have taken away the power, and the duty of the Committee 'to bring to the notice of the Assembly certain matters'. I, therefore, suggest that, on the ground of not consulting the House, on the ground of there being no urgency, on the ground of merits, and on the ground of their having taken away some of the existing powers,

[Mr. S. Satyamurti.] : this Government deserves censure ; and I request the House to vote unanimously in favour of this motion.

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

“ That the House do now adjourn.”

Lieut.-Colonel A. E. B. Parsons (Secretary, External Affairs Department) : The Honourable the Mover, Sir, has devoted most of his arguments to the legal side of the question, and his complaint is that this House has not been consulted. I will leave that part of his argument to be dealt with by more competent hands, but all I wish to try and convince the House is that, from a practical point of view, the amendment of these Rules has resulted in an advantage to the House in enlarging the scope of its discussions. I shall confine myself to those two subjects with which I myself have to deal mostly in the Government of India, that is to say, the discussion of matters which affect foreign States and of matters which affect tribal areas. As to foreign States, if Honourable Members will look at the old Rules, they will see that discussion of those matters or questions about those matters are absolutely prohibited. The effect of the new rules is that, with the consent of His Excellency the Viceroy, they now can be discussed by this House. In this respect, then, the powers of the House have been enlarged. The Honourable the Mover has not mentioned, I think, specifically the question of tribal areas, but I imagine that other Honourable Members would wish to discuss this question. The administration of tribal areas has been under the Governor General and though this House is not responsible for the administration of those areas, it has been the consistent policy of the Government to keep this House informed of broad trends of policy and of the more important events that happen in them. Accordingly, during the last 15 years, this House has been given the greatest possible freedom of discussion....

Mr. B. Das (Orissa Division : Non-Muhammadan) : How generous !

Lieut.-Colonel A. E. B. Parsons : and with the coming of Federation...

An Honourable Member : Question !

Another Honourable Member : When ? (Laughter.)

Lieut.-Colonel A. E. B. Parsons : With the coming of Federation the position is changed, and under the new Act, as this House is aware, after the Federation comes, these areas will be administered by the Governor General in his discretion.....

Mr. S. Satyamurti : After the Federation ?

Lieut.-Colonel A. E. B. Parsons : Yes. I am coming to that part. Well, it was considered by the Government of India that for this very short period....

Mr. S. Satyamurti : Are you an astrologer ? (Laughter.)

Lieut.-Colonel A. E. B. Parsons : For this very short period before Federation comes in, it would be advisable to bring in such rules as would cover the transitional period also, although it is admitted that during this transitional period the administration of these areas remains under the

control of the Governor General in Council, and for these reasons the Government of India decided to bring in rules which would be final once and for all. Now, under the old Rules, as I have explained, more as a matter of grace than as a matter of right, opportunity for asking questions and discussion on tribal areas is given to this House. Under the new Rules, that power of asking questions is limited by the consent of His Excellency the Viceroy....

Mr. S. Satyamurti : That is also as a matter of grace ?

Lieut.-Colonel A. E. B. Parsons : Not as a matter of grace. You now have got a clear right, instead of a concession, a secured right to discuss matters where you had none before. However, I am authorised by His Excellency the Viceroy to make this assurance that during the transitional period he does not contemplate in fact refusing his consent unless in any particular case the circumstances are such that a question or Resolution of the Government could not, in his judgment, be asked or moved without detriment to the public interest.

An Honourable Member : What is the definition of public interest ?

Lieut.-Colonel A. E. B. Parsons : I think that the House ought to be satisfied with His Excellency's assurance. So, even in this matter of tribal areas I do not think that this House has suffered any diminution of its powers. I submit, therefore, that this House should welcome the amendment of the rules in these two particular instances which are now being carried out. That is the practical point of view, but I doubt if it will carry much conviction with Honourable Members opposite.

Maulana Zafar Ali Khan (East Central Punjab : Muhammadan) : It is my bounden duty to join my voice with that of my Honourable friend, Mr. Satyamurti. When I was out, when I had not entered this Hall, my friends used to tell me, “ Well, go to the Council because there you will be free to give expression to your views in as strong a language as you can command.... ”

Captain Sardar Sir Sher Muhammad Khan (Nominated Non-Official) : Who was that friend ?

Maulana Zafar Ali Khan : Friends like yourself. (Laughter.) “ So long as you are out and a journalist ”, they said, “ Look here, Maulana Sahib, the sword of Damocles is hanging over your devoted head in the shape of the Press Act, and if you utter a word against the British Government, you will be clapped into jail for twenty years. So, instead of remaining out and doing your journalistic work, come into the Council ”. I had a foretaste of the liberty that I enjoy in this Council, yesterday. A very slight expression of my resentment evoked a storm of protest from the powers that be. The Honourable the President knows perfectly well that I have great admiration for his powers of head and heart, and I think that he is a worthy successor of a line of Speakers who have held the standard of liberty aloft so far as liberty within this Hall is concerned, and I am not a whit behind any of my Honourable friends here in doing homage to him. But where are the powers of liberty in this Hall ? Very little. I think so far as the Federation is concerned which is coming, Mr. Satyamurti ought to have used a happier simile. I was told that in the Hindu mythology there is a very interesting personality. The name of this

[Maulana Zafar Ali Khan.]

person is Trisanku. He happened to displease the Mahadev and the Mahadev convicted him to hang between the earth and the heaven till doomsday. (Laughter.) So, like Minerva of the Greeks of old he is hanging "midway between the earth and starry heaven" as Illiad tells us. I hope that this Trisanku of Federation will hang midway between the earth and starry heaven. So far as this Assembly is concerned, we have got 98 per cent. of safeguards and two per cent. of responsibilities. Those two per cent. responsibilities that have been doled out to us they want to take away one by one, one by one, till nothing is left to us. The Viceroy wants more powers, the Governor General wants more powers. One wants to add to his privileges, the other wants one more string to his bow. We must fight tooth and nail to keep intact such powers as we have, and, therefore, I support the motion. I will call upon all those who sit on this side and also those who sit in the opposite wing—I know that their hearts are on our side. Their lips may be on the side of the officials but their hearts are with us. I hope that once at least their conscience will win and that they will raise their hands....

An Honourable Member : No. Go with us into the Lobby.

Maulana Zafar Ali Khan : ... in support of the motion. I submit that Government deserve censure on this point.

Mr. Abdul Qaiyum (North-West Frontier Province : General) : A very strong and forceful appeal was addressed by my Honourable friend, Maulana Zafar Ali Khan, to the conscience of some of the Honourable Members on the other side of the House. I am sure that if that appeal had been addressed yesterday when a similar matter was being discussed on the floor of this House it would have had a very good effect and some people would not have voted on the side of the Government,—those who are appealing today to the conscience of others should realise that they at least had the honesty to stand by their side. Sir, I will only say a few words about these new rules. There is no denying the fact that under the new Government of India Act we have absolutely no say in foreign affairs, over finance, the army, and the tribal areas ; and our rights have been considerably curtailed. We cannot force the authorities to act in a manner which we consider to be in the true interests of this country of ours. But we did not expect that even before the actual introduction of the Federation, rules would be framed without consulting this House, without any attempt to find out the wishes of the House,—rules which will take away the very limited right which we have enjoyed so far, namely, the right of criticism—the right to criticise and to influence the officials to do certain acts which we consider necessary in the interests of our people. These rules constitute a very great curtailment of our rights, especially in one direction to which I will presently refer, namely, that mentioned in rule 23 (2) (b)—matters connected with the tribal areas or the administration of any excluded area. It will be noticed that the restriction applies to questions, resolutions and also to adjournment motions because under the old rules, rule 12, adjournment motions are also subject to the same limitations to which resolutions are subject. So, the present rules aim at curtailing our right to put questions, to move resolutions or to move adjournment motions on certain very important questions, such as foreign

affairs, excluded areas, tribal areas, princes, and even members of their families. There is one aspect of it, and that is in respect of the tribal areas, where I think the curtailment of this particular right of ours to criticise the actions of the Government is going to do very serious harm and very grave damage to the true cause of India. People on this side of the Indus have absolutely no idea of what is being done in the tribal areas. There you have Colonels and Generals, Majors and Captains who are absolutely supreme, whose word is law, who can never brook or tolerate criticism. This state of affairs prevails not only in the tribal area but, I should say, also in the Frontier Province. This military junta is supreme and they can do anything they like. You will be surprised to hear that the word 'political' has become an abuse in our language. When people talk among themselves they say in Pushto "*Poltikali Kae*" meaning 'You are cheating me, you are deceiving me, you are doing me down'. All the taxes which the toiling millions pay in this country, the money which we make and which we have subsequently to part with after incessant toiling, these go into the Treasury and a very great part of it is passed on to this military junta, and spent in any manner they like. They can involve you in a war with the tribes and I assure you that ever since the British set foot on the soil of the Frontier Province, these military gentlemen have been supreme and they have been embroiling the people in meaningless and foolish war with the Tribes. We have got no aggressive designs over the tribal area. Waziristan is absolutely useless to us. We can live in peace and amity with the Afridis, Wazirs, the Mohmands and the Mahsuds but these gentlemen must have a training ground for their armies for Imperial purposes. It is a sort of "Shikar" which is going on from year to year. Innocent people are being killed and butchered. Bombs are being showered on them from the air and defenceless people who have absolutely nothing but worthless rifles....

Lieut.-Colonel A. E. B. Parsons : Very good rifles.....

Mr. Abdul Qaiyum : ... are being killed. There has been an instance where people—I have been told this recently when I was touring in the Bannu District, in a village in the British area in the North-West Frontier Province administered by Government—were killed and, I think, the rest of the world did not hear anything about it, because the Associated Press in the Frontier Province is absolutely controlled by the military junta in the Frontier Province.

Major Nawab Sir Ahmad Nawaz Khan (Nominated Non-Official) : What is the name of the village ?

Mr. Abdul Qaiyum : I do not remember the name but I got it from a very responsible person.

Lieut.-Colonel A. E. B. Parsons : Might I be informed of the name of the responsible person ?

Mr. Abdul Qaiyum : I submit that this military junta is very powerful. They can embroil us in war and the Frontier is being used as a training ground for the British army. These wars are intended to give employment to British Captains and Majors who would otherwise not be able to earn even one pound a month in England. These people go about in Rolls Royces, have wonderful dances in the clubs and lead a life of luxury, while our people hungrily stare at them. These wars are

[Mr. Abdul Qaiyum.]

brought about every year and the whole of India has to pay the price. I submit that if our right to criticise the action of this military junta is curtailed, if these people are allowed to let loose the dogs of war on the innocent people of the Frontier, I tell you that there will be no end to the troubles in this country. Our starvation, our misery and our poverty will continue while these people wax rich, amass fortunes and lead lives of luxury and remit money to England every year. Even if it means strong measures, I invite this Honourable House and not only the Members of the House but the 30 crores of Indians outside this House to realise that a monstrous wrong is being perpetrated on the Frontier, year after year, and as long as this military junta is allowed to rule, as long as these rules and regulations are allowed to stop us from criticising their action, there can be no end to our troubles and our misery. If we are going to pay for the army, you, gentlemen, of the Political Department must take your orders from us. The question whether you are going to war or not must be decided by the Indian peasant, by the Indian labourer and by the Indian taxpayer. I tell you, Sir, that the word "political" means a cheat, a swindler and all that is horrible.

Lieut.-Colonel A. E. B. Parsons : On a point of order. Is this permissible ?

Mr. President (The Honourable Sir Abdur Rahim) : I do not think the Honourable Member meant to cast any reflection on any particular officer or individual.

Mr. Abdul Qaiyum : I was referring to the meaning of the word "political" in Pushto, and the facts I have stated are absolutely true and unassailable, and I venture to say that every member of the Political Department knows what the people think of them and what people mean by the word "political" in the Pushto language. The pay which these Captains and Majors draw is stifling us. These are the people who are responsible for the launching of prosecutions under section 124-A against people in the settled districts of the reformed province, who venture to criticise their irresponsible acts. It is not only our money which they draw but the ammunition, the tanks and the aeroplanes which come from England go to keep their factories going. Their labourers are enjoying meals which even our Rajas cannot dream of enjoying. I have had tea in a labourer's house in Lancashire and I know that it was much more sumptuous than anything which I have had in the best house in the North-West Frontier Province. So, I submit that this House must protest against these monstrous rules which are being pushed down our throats and insist that regarding Frontier at any rate we should have the right to criticise their action, to condemn them and to bring them to the path of righteousness and if they do not behave, then we should appeal to the country and resort to stronger measures to get rid of this military junta.

Mr. M. S. Aney (Berar : Non-Muhammadan) : Sir, I rise to support the motion which has been so ably and eloquently moved by my friend, Mr. Satyamurti. The main gravamen of the charge is that these amendments and the rules have been made without this House being taken into confidence at all. We have not yet been given any explanation as to what was the urgency which led the Government to rush through these rules and

fasten them hastily on the Members of this House. The rules, to some extent, I admit, are consequential changes on account of the application of the new Government of India Act. But Honourable Members should know that they are not merely meant to govern the procedure of the Federal House that may come into existence later on, but they are also meant to apply to the Legislature that exists today and for that purpose the Government ought to have shown some strong and cogent reasons for curtailing the rights which this House enjoys today. What the effects of rules like this will be on the tone of the administration of tribal areas is indicated from the very eloquent and powerful speech which we have listened to from our young friend, Mr. Abdul Qaiyum, who represents the North-West Frontier Province now. There are questions over which this House exercises some kind of qualified jurisdiction today. Those rights are being unceremoniously taken away or modified. There is a substitute offered to us with which we are told, we ought to be satisfied, viz., the assurance which has been given in the name of His Excellency the Viceroy by the Honourable Member who spoke on behalf of the Government. The assurance is this that His Excellency the Viceroy will not generally use the powers of disallowing discussions on these points, during the transitional period, unless he thinks that in the interests of what he considers to be public policy such a discussion is not desirable. My point is this. This House somehow or other has not got a very encouraging experience of the use of the discretion vested in His Excellency in this matter (Hear, hear) ; and if things are to be judged by previous experience, then the assurance coming forth is not likely to reconcile us to the position now created by the promulgation of the new rules. The position is this. Instead of asking this House to rely upon a vague assurance of this kind, the better course for the Government would have been not to enforce these rules during this transitional period at all and leave them to be brought into force or operation after the Federal Legislature comes into existence. We could certainly have relied upon the legal acumen of the Law Member of that time in preparing a draft of appropriate amendments to the legislative rules to bring them in conformity with the provisions of the Government of India Act. Where was the need for making these rules now ? We are asked in regard to these matters to depend upon the good-will of His Excellency the Viceroy. If he thinks it fit, you can put the questions on certain subjects ; otherwise not. This is how our rights are being curtailed. Then in doing that, the usual procedure that the Government have been following in making any changes in the legislative rules is also departed from without any justification. My friend, Mr. Satyamurti, was right in pointing out prominently the fact that generally, whenever any new rules or changes were to be made, Government used to consult this House. Even today we know Government brought forward certain suggestions and we have had a discussion over these matters. The House considered the matter carefully and gave its opinion upon the rules they brought forward. Now why is this salutary practice of consulting the body whose procedure is likely to be affected by the new rules departed from in this case ? One could only conceive a justification in one way,—i.e., the promulgation of these rules was a matter of such urgency that the Government could not carry on the administration of this country without their immediate promulgation and could not afford to wait till the House actually sits. One

[Mr. M. S. Aney.]

could have no objection to that under such circumstances. But in the matter of the procedure of this House, in matters which are exclusively meant in connection with the work to be done in this House, there can be no urgency till the House actually sits down to its work. We are the persons likely to be affected; ours is the procedure which is going to be modified; ours are the rights which are going to be enlarged, as some Honourable Member has described, or ours are the rights which are going to be curtailed, as we think they are. We are the persons who know where the shoe pinches and not the shoe-maker who manufactures shoes in his own shop. The shoe-maker, as we all know, prepares a new shoe and if you go to him as a customer, he will tell you, "put it on", but if you say, "I think it is rather somewhat tight", he will say, "you are wrong, if you use it for a few days, it will be all right". (Laughter.) If you say it is a little bit too big, he will say, "the summer is coming on and it will then get shorter". (Laughter.) Sir, we think the Law Members are little better than shoe-makers in this respect; whenever they come forward with any piece of legislation, that is like the new shoe I have related. If we say it is too tight, they say, "it will be right later on". In that way they try to show that the articles placed before us for consumption ought to be accepted by us and the things should be used. My friend, Mr. Satyamurti, is perfectly right in insisting upon this that in matters vitally affecting the procedure of this House this House has got the right to be considered and there has been no justification shown whatever by the Government for departing from that practice which is sanctioned by the precedents. There was no reason to thrust upon us modifications of rules which virtually go to curtail at least in one matter a right, which we have been enjoying so long. For these reasons I think the whole House, looking at the question principally from the point of view of the principle underlying the motion, should agree to carry this motion unanimously.

The Honourable Sir Nripendra Sircar : Sir, my Honourable friend, Mr. Satyamurti, in moving this motion, more than once complained of lack of courtesy. Apparently he feels unhappy when courtesy is not shown to him, but possibly because I am of a contrary temperament, I feel unhappy if I do not get an attack from my Honourable friend, Mr. Satyamurti. (Laughter.) Now, Sir, before I come to the reasons in the arguments of Mr. Satyamurti, may I deal with the last speaker, who I understand is a lawyer of experience and of eminence. His argument, apart from some joke—it must have been a good joke because people laughed though I could not hear it, for which I am sorry—his argument was this. "You are substituting worse rules for the rules which are in existence. Why do you want to enforce these rules? Why not agree not to enforce these rules?" May I ask my Honourable friend, Mr. Aney, if the new rules are not enforced, whether the House will be better off or worse off? Under the present rules, you cannot ask questions—whether Governor General exercises any right or not, whether he is gracious or ungracious, there is an absolute bar to rights of asking questions in matters affecting the relations of His Majesty's Government or of the Governor General in Council with any foreign State. Going step by step, therefore, so far as regards the first item of the three items, if these rules are not enforced and if my friend's argument is accepted, viz.,

"why not go back to the old rules", will the House be in a state better off or in a state worse off? Sir, it is one thing to declaim and another thing to give reasons. Now, Sir, let us take the next. "Any matter which is under adjudication in a court of law",—well, that need not be discussed; then, a matter "affecting the relations of any of the foregoing authorities with any Prince or Chief under the suzerainty of His Majesty, or relating to the affairs of any such Prince or Chief or to the administration of the territory of any such Prince or Chief": what are the rights to ask questions about these, are they higher, or are they lower, than what you will have under the new rules? There is an absolute bar—I am now talking of these two items—that is going to be substituted by the rule that you can ask questions if they are not shut out by the exercise of the power of His Excellency the Viceroy. (Interruption by Mr. Lalchand Navalrai.) I do not think I should take notice of the interruptions of my friend, Mr. Lalchand Navalrai, because I have not yet forgotten the excellent meals I got at his house when I was in Sind. I was saying that the position about these two items is that under the old rules there is an absolute bar. Under the present rule they can ask these questions with the sanction if they are not disallowed by the Governor General. (Interruption by Pandit Lakshmi Kanta Maitra.) If my friend, Pandit Lakshmi Kanta Maitra, wants to make a speech, he can surely get up after me. My friend, Pandit Lakshmi Kanta Maitra, reminds me of Tennyson's "Brook"—going on gurgling for ever.

Now, Sir, about the third matter, the tribal area. What was the position before? Under (2) no question could, as a matter of right, be asked, but as a matter of practice on very few occasions objection has been raised to the admissibility of questions, with the result that such questions are asked and are answered. Sir, in his speech my Honourable friend, Mr. Abdul Qaiyum, told us of the misery of the people of the Frontier Provinces, people who are abducted by the Hindu women of that province, people who are merely helpless.....

Mr. Abdul Qaiyum : On a point of order, Sir. Is the Honourable the speaker very sure that it is the tribesmen who are doing this abduction? It is a point at issue and is not a settled fact.

The Honourable Sir Nripendra Sircar : It is not a question of point of order at all, but the fact that the Hindu women have been abducted has been settled more than once.

Mr. S. Satyamurti : It is a mere propaganda: I do not believe it.

The Honourable Sir Nripendra Sircar : My Honourable friend, Mr. Satyamurti, may not believe it but if you ask the Hindus of Bannu and Dera Ismail Khan, they tell a different tale. Mr. Satyamurti comes from the South. He would not have talked of propaganda, if his family had been staying in the Frontier Provinces. Therefore, the position is that as regards all these three items at the present moment there is an absolute bar. I am not going into the details of the Foreign Jurisdiction Act or the Chiefs under the suzerainty of His Majesty and how that result is arrived at on the construction of this question because I have only a few minutes more, but it boils down to this that we have done the Members great injustice because where there is an absolute bar we have by the new rules allowed them to ask questions, provided they are not shut out by the Governor General.

[Sir Nripendra Sircar.]

Now, as a matter of fact, in this Session questions which have been admitted are 14 in number. There are three questions on foreign relations; eight questions on tribal area and three questions on Indian States. As regards foreign relations, all the three questions have been admitted. The Governor General has not exercised his powers of disallowing them. Out of eight questions regarding tribal areas, five have already been admitted. Whatever the legal position may be, the fact is that five questions have been admitted. Of the Indian States, we have got replies to two admitting them, but reply to one has not been received. I do not want to repeat my arguments, but the point is that it is really doing them great injustice, great harm, great encroachment on cherished rights, as absolute prohibition is being substituted by allowance of questions, with right of disallowance in abnormal situations.

Sir, I think I should congratulate my new friend, Maulana Zafar Ali Khan. I understand he told us that the use of sufficiently strong language being dangerous outside the House, he has joined this Assembly. If that is so, we are rather disappointed because, although he thinks he is using strong language, that is milk-and-water compared to the stuff we have been getting before he honoured us with his presence. (Laughter.)

Let us now meet the points which were made by my Honourable friend, Mr. Satyamurti, whose speech was a reasoned speech and he did not wander too long in the wild regions of the Frontier Provinces. I do not know whether I am right in thinking that my Honourable friend is under the impression that section 38 is in operation now. It is not; but really much does not turn on section 38 and so I won't take up your time. His first point was that although there was an opportunity of consulting the House we did not consult it. I do not purport to quote his language but I think this is what he said. Now, Sir, if I may remind this House of the undertaking which this House agreed to take from the Government Member, Sir B. L. Mitter.....

Mr. S. Satyamurti : When was that ?

The Honourable Sir Nripendra Sircar : I have not got the papers with me, but I think it was in 1929.

Mr. S. Satyamurti : Then it is barred by limitation.

The Honourable Sir Nripendra Sircar : Limitation does not matter so much, but that was the House in which Mr. Satyamurti was not present.

Mr. S. Satyamurti : Nor were you.

The Honourable Sir Nripendra Sircar : Nor myself. Is that a much stronger argument, for ignoring the language of the undertaking ? Now, Sir, an adjournment motion had been moved because rules had been changed without consulting the House. Thereupon, an undertaking was given by Sir B. L. Mitter, and the President then asked the House whether they were willing to accept that undertaking. I am not offering this as a legal point of estoppel that you cannot now raise that question. I am not pressing the question of emergency, though it undoubtedly existed, but the undertaking given was that on all important matters of amendment this House should be consulted. Now, I can understand the point that you cannot simply because you have used the word 'important' arbitrarily say : 'Oh, this is not important ; I brush it aside'. But I

ask the House to look at the facts of this particular case, whether in this case we have extended the rights or whether we have curtailed their rights. Then, it is said by my friend : " why did you not put it down on the first day, on the 23rd of August ; we might have given our opinion or decision and then you could have gone on ". The undertaking which was given relates to consulting both the Houses, so that we have got to put it here on the 23rd August and then we have got to take it to the other House, and that would have meant that part of the Session would have been governed by the old rules and part of it by the new rules. But after all is said and done, when we come to the merits we have got to decide whether this is an important matter in which the opinion of the House has not been taken and I submit that on the facts of this particular case, it is abundantly clear that no rights have been encroached upon, but on the other hand rights have been enlarged. But, Sir, it may be said if you have done a good thing, then why are they abusing you ? That reminds me of the story of the late Iswar Chandar Vidyasagar. When somebody went to him and said that so and so was abusing him, he asked " I have not done him good. Why is he abusing me ? " (Laughter.) That is the story. Is my time up, Sir ?

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member has one minute more.

The Honourable Sir Nripendra Sircar : I cannot say much in one minute. I will not try to repeat my arguments. Whatever the decision of the House may be, I can assure the House it was not intended to flout them. It was not intended that advantage should be taken of their absence or of want of discussion in the House. We honestly thought that so far as these changes are concerned they were really an enlargement of their rights and if it is an error of judgment which I do not even remotely admit, that is a very different proposition from the charge which has been laid today to which I plead not guilty and I assure the House that there was not the slightest intention to flout this House or to treat them with any lack of courtesy—but there is no intention to widen the undertaking either.

Sir Muhammad Yamin Khan (Agra Division : Muhammadan Rural) : Sir, I wanted to listen to this debate and had no intention of speaking, but on account of two or three speeches, I thought it my duty that I must speak before I give my vote. There would have been no necessity if the issue had not been mixed up and taken from the right course. The points made by the Honourable Member from the Frontier may be right or may be wrong. We are not concerned with them. The issue before the House is different. That point had been diverted by the Honourable the Leader of the House and he tried to take some advantage by trying to create a kind of impression against the Frontier Province people in a manner by which he thought he would gain the votes of some people from the other side. I think, Sir, both sides were wrong. If the Honourable Member from the Frontier was not justified in depicting the story in the colours that he depicted and the plight of the people in the North-West Frontier Province, equally unjustified was the attitude of the Honourable the Leader of the House in trying to put poison in the minds of the Honourable Members opposite.

Mr. Sri Prakasa (Allahabad and Jhansi Divisions : Non-Muhammadan Rural) : We are seasoned people.

Sir Muhammad Yamin Khan: My Honourable friend may be seasoned. But this is the attitude which has made me get up and express my opinion. A safeguard has been put in the Rules. That the Governor General may or may not allow a particular question we can judge from the attitude of the people who will go and advise him as to which questions should be allowed and which questions should not be allowed. Probably it may serve the purpose of the advisers of the Governor General to allow such questions which might create the impression in the minds of the public which may give a justification to the Government to carry on warfare on the innocent people of the tribal area and to get and enlist support of the House by methods and propaganda which may be peculiarly their own. That is why I think the safeguard which has been put in is really doing more harm than good. If the Rules did not exist and if the Rules had disallowed every question to be put in this House that would have been far better for the country than to allow only that thing which may serve a particular purpose and no other. Leaving this question aside, the issue before the House is whether any rules should be made without consulting the House. The Honourable the Leader of the House says he has given more privileges to the House than what are enjoyed at present. I agree. To a certain extent more privileges have been given. But I submit that if these rules are placed before the House, the House would have advised the Government to give more liberal powers than what they have given at present. If the Rules had come before the House, then the proviso which has been added would not have been allowed by the House. The House would have insisted that if you give us the power to put questions, that power must be such which is not a curtailment of our full rights, otherwise we are not going to accept them. The House would have said, "if you allow us the power to put questions about the tribal area, then we must have full power to put questions as we like, by which we can elicit information which we require and not the information which you think you must communicate and nothing more". That is a point on which the Honourable the Leader of the House has not been able to convince the House, namely, that the power which has been given is really an advance on our privileges or really a curtailment of our full powers. He has put in Rules which would never have been acceptable even to the Federal Legislature for whose benefit these Rules are being made. What is going to be done is this. These Rules will be thrown on the face of the Federal Legislature and they will be told "the Assembly in the past agreed to these Rules and so you must accept them. They are coming to you as an inheritance from the old Assembly". I think, Sir, this will be doing the greatest injustice to this House, if we accept these Rules and curtail our powers. What we want is not an opportunity to put a few questions, what we must express is what powers we do want in order to serve the interests of the country whose representatives we are in this House. It is the real power which is wanted by us. The British Parliament did not get that power in one or two years. They continuously fought and fought and they got this power in their hands constitutionally. It is the House which can exert and the House can get more and more power in its hands and it may ultimately come to the same position as the British Parliament in England. It is our dream that in the future this House which represents the people must get more and more power in its hands in order to become the absolute sovereign power in this country like Parliament in England. If we allow this encroachment on our rights we, as the elected people, will be betraying the interests of

our country and I do not think any elected Member can vote for the curtailment of his powers. What I want to impress on Government is this that whatever course they may take concerning this House or the rights of this House, that must not be done behind the back of this House but with its full consent. Sir, I support the motion.

Mr. Bhulabhai J. Desai (Bombay Northern Division : Non-Muhammadan Rural) : Sir, I quite recognise that in the Ninth Schedule of the Government of India Act, 1935, section 67 (1) of the Act of 1919 is still preserved. That section deals with the rule making power which is referred to in the notification dealing with the publication of the amendments of the rules as they appear here. Section 67 says :

"Provision may be made by rules under this Act for regulating the course of business and the preservation of order in the chambers of the Indian Legislature," etc.

There is the further power in section 129-A to further implement the provisions of section 67. That section is undoubtedly preserved and it is in pursuance of that section, so far as one can see from the Government Gazette, that the present amendments are made. And the first question I ask myself and ask the Honourable the Leader of the House, though I am afraid he has no opportunity to answer it, is this. These rules have been enforced for some time. This section 67, according to the astrologer's forecasts, may or may not continue for any particular period of time, and if that is so, I have a shrewd suspicion, for which I will presently give the reason to the House, how these amendments came to be made. Hitherto no amendments were suggested, and yet it is said, "Oh, you have only to read the language of section 38 to see what is the origin of this new rule". And you cannot blame people who say that what you are all doing is to anticipate the new Act and take the power to yourselves, which you know and believe has not yet come into operation.

Section 38 which is the rule making power of the new Act among other things says this. I am not dealing with the question of consultation with the President or otherwise because I quite concede that section 38 is not in operation ; and to the extent to which it may be in operation, at all events the rules have not been made pursuant to the power under that section because they could not be made. But among other things, the purposes for which provision could be made are rules,

"for prohibiting, save with the consent of the Governor General in his discretion,—

(ii) the discussion, except in relation to estimates of expenditure, of, or the asking of questions on, any matter connected with the tribal areas or the administration of any excluded area ; "

It is rather curious, looking at the language of the amended rules :

"Provided that no question shall be asked, save with the consent of the Governor General, on any matter connected with the tribal areas or the administration of the excluded areas."

I think while it was realised that they were still purporting to act under section 67 (1), they were really I think at the back of their mind repeating the language and making rules which they were empowered to do under section 38 of the new Act. For indeed I cannot see how the words "excluded areas" could ever have come into this rule but for an unconscious copy, or a conscious copy, of section 38 of the new Act. And,

[Mr. Bhulabhai J. Desai.]

therefore, it is no use telling us that a charity has been done to us, that our rights have been extended. The fact remains that a very important part of the right of asking questions with reference to tribal areas has been taken away as to which hitherto there was no rule prohibiting or circumscribing it but which is going to come into existence under the new Act. And thereby hangs a tale. My Honourable friend, Colonel Parsons, got up and said, "Oh, I wish to give you some assurance in the name of my master", while he realises very well that so far they have anticipated the new Act by making a rule which they ought not to have made. The fact remains that hitherto the House under section 67 (1) has been allowed to exercise the right of asking questions with reference to tribal areas, there being no excluded areas fortunately in the Act of 1919,—I hope we shall come to it some day if the astrologer's prediction comes true. But for the moment there is no question of asking questions about excluded areas because none exists. And yet, forsooth, a rule has been made that you may not ask without the consent of the Governor General any question relating to excluded areas and, they have also said, any question relating to the tribal areas. So that I think there has been, as I can see it, at the back of their minds a sub-consciousness,—I put it to my Honourable friends, Colonel Parsons and the Leader of the House,—like that of the Bania who would not give the name of a particular grain but later described it in other terms. He in fact admitted that it was an error of judgment. I think it is more than that. They have over-copied an Act which they were not entitled to do, and it is no use saying, "We are not anticipating an Act which is not yet in force". The fact remains that the rules which they made they have purported to make under the old Act. And I think it requires very little explanation to see that there is no charity behind this. And it is perfectly clear that at least in one class of questions they are to be prohibited in the future except with the consent of the Governor General; and it has been brought in anticipation, thereby restricting our rights. Equally there are other limitations that I find in the rules. So that it is perfectly obvious that there are two points. After all it is not a matter of moral censure. If this House has a right to be consulted on important matters or in relation to important rules, at all events that condition has not been fulfilled, and it is not a matter merely of error of judgment. And, after all, censure of the other side does not involve much moral condemnation; I think they are largely proof against that. But what we have is a moral right of expressing our dissatisfaction at the manner in which we are being treated, because that is a good enough censure which at least the House in its judgment, at all events in this particular case, or to use the words of my Honourable friend, Sir Yamin Khan, every elected Member, I trust, will exercise.

Several Honourable Members : The question may now be put.

Mr. President (The Honourable Sir Abdur Rahim) : The question is that the question be put.

The motion was adopted.

Mr. President (The Honourable Sir Abdur Rahim) : The question is that the House do now adjourn.

The motion was adopted.

The Assembly then adjourned till Eleven of the Clock on Wednesday, the 25th August, 1937

LEGISLATIVE ASSEMBLY.

Wednesday, 25th August, 1937.

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

STARRED QUESTIONS AND ANSWERS.

(a) ORAL ANSWERS.

ANNUAL GRANT MADE TO SCIENCE INSTITUTIONS IN INDIA.

73. *Mr. C. N. Muthuranga Mudaliar : (a) Will the Secretary for the Department of Education, Health and Lands be pleased to place on the table a statement of the annual grant made by the Government to the various science institutions in India like the Indian Institute of Science at Bangalore, the Indian Association for the Cultivation of Science at Calcutta, the Indian Research Fund Association, and the Bose Institute at Calcutta?

(b) How are these institutions functioning? Is the amount granted to them by the Government being spent so as to ensure genuine scientific research?

Mr. M. S. A. Hydari : (a) A statement giving the required information is laid on the table of the House.

(b) Satisfactorily. The grants to them are being spent for the purposes for which they are made.

Statement showing the Grants made to Science Institutions.

No.	Name of the institution.	Grant made in 1936-37.	Provision made in budget for 1937-38.	Remarks.
1	2	3	4	5
1	Indian Association for the Cultivation of Science, Calcutta.	Rs. 18,000	Rs. 18,000.	
2	Indian Statistical Institute, Calcutta.	5,000	(a) 9,000	(a) Includes Rs. 4,000 on account of annual grant of Rs. 2,000 towards the publication of the Institute's journal "Sankhya" for the years 1936-37 and 1937-38.
3	Indian Institute of Science, Bangalore.	1,50,000	1,50,000	
4	Bose Research Institute, Calcutta.	53,000	53,000	

No.	Name of the institution.	Grant made in 1936-37.	Provision made in budget for 1937-38.	Remarks.
1	2	3	4	5
		Ra.	Ra.	
5	Indian Research Fund Association.	1,50,000	1,50,000	
6	Imperial Council of Agricultural Research (b).			(b) In addition to the grants mentioned in column 4, a sum of Ra. 1,00,000 is to be placed at the disposal of the Imperial Council of Agricultural Research during the current year for the employment of a special officer to investigate the possibilities of extension of Cinchona cultivation in India.
	(i) Annual grant ..	5,00,000	5,00,000	
	(ii) Grant for Sugar Research.	1,75,000	1,75,000	
	(iii) Grant for Marketing Scheme (Provincial portion).	2,00,000	2,00,000	
	(iv) Balance of initial lump grant.	10,00,000	..	
	(v) Special Grant ..	11,36,476	..	
	(vi) Grant for Cold Storage Scheme.	..	1,00,000	

Mr. S. Satyamurti : May I know, Sir, with reference to the answer to the first part of clause (b) of the question, what is the machinery by which Government satisfy themselves from time to time, that these institutions are functioning satisfactorily ?

Mr. M. S. A. Hydari : There is no *ad hoc* machinery, but we get their annual Reports.

Mr. S. Satyamurti : Apart from the annual reports, are Government appointing or will they appoint Commissions, as Universities do, once in three or five years, of experts to report on the actual work carried out by these institutions ?

Mr. M. S. A. Hydari : No, Sir.

Mr. S. Satyamurti : May I know the reason why Government will not appoint expert committees to examine the manner in which these institutions are functioning ?

Mr. M. S. A. Hydari : If a suggestion to that effect is made, we will consider it.

Mr. S. Satyamurti : What are the materials on which Government satisfy themselves that these institutions are carrying on genuine scientific research ?

Mr. M. S. A. Hydari : Their annual reports show what they are doing.

Mr. C. N. Muthuranga Mudaliar : If these institutions are working...

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

Mr. C. N. Muthuranga Mudaliar : If these institutions are working satisfactorily, where is the need for thousands of students going to foreign countries in search of knowledge ?

Mr. President (The Honourable Sir Abdur Rahim) : I have called the next question.

RESEARCHES AT THE INDIAN INSTITUTE OF SCIENCE, BANGALORE.

74. ***Mr. C. N. Muthuranga Mudaliar :** (a) Is the Secretary of the Education, Health and Lands Department aware of the abstract of work published in the reports entitled "Researches at the Indian Institute of Science, Bangalore, for 1934-35 and 1935-36" ?

(b) Is it not a fact that, according to these reports, the type of research work done in the departments of Bio-chemistry, Organic Chemistry and General Chemistry, which have been in existence for a number of years, is of a mediocre quality in contrast to the brilliant work turned out by the newly started department of Physics ?

(c) Is it a fact that among the various departments of the Indian Institute of Science the Bio-chemistry department is not functioning properly mainly for the reason that the head of the department is a Lecturer with no research experience (*vide* the Sewell Committee Report on the Indian Institute at Bangalore) ?

(d) Is it not a fact that only an Assistant Professor is in charge of the department of Organic Chemistry ? What are his fundamental contributions to this branch of chemistry ?

(e) Could not a professor with adequate qualifications be made the head of the department of Organic Chemistry ?

(f) Is it contemplated to depute the Assistant Professor now in charge of the department of Organic Chemistry, abroad for further studies so that he can make an attempt to qualify himself for the post ?

(g) Are Government aware that the Department of General Chemistry in the Indian Institute of Science is without a Professor and that the research work in this department is seriously handicapped for want of proper direction ? If so, what action do Government propose to take to remedy this defect ?

Mr. M. S. A. Hydari : (a) Yes.

(b) This is a matter of opinion.

(c) No.

(d) Dr. P. C. Guha, D.Sc (Calcutta), Assistant Professor of Organic Chemistry, has been officiating as Professor, since 1934. He is author or joint author of a number of original publications issued by the Department of Organic Chemistry.

(e) The question of the reorganisation of the Chemistry Departments is under consideration of the Council of the Institute in the light of the recommendations of the Irvine Committee.

(f) It is understood that Dr. Guha is being allowed to proceed on study leave for a period of about two years. But I have no information that this is being done with a view to his appointment as permanent Professor.

(g) The Department is at present without a professor. As stated in reply to (e) the question of the reorganisation of the Chemistry Departments is under the consideration of the Council of the Institute.

Mr. S. Satyamurti : With reference to the answer to clause (b) of the question,—the question is “is it not a fact that, according to these reports, the type of research work done in the departments of Bio-chemistry, Organic Chemistry and General Chemistry, which have been in existence for a number of years, is of a mediocre quality in contrast to the brilliant work turned out by the newly started department of Physics”,—my friend says it is a matter of opinion; I am not asking for his opinion. I am asking whether, according to these Reports, the type of work turned out is of a mediocre quality, in contrast to the brilliant work turned out by the newly started Department of Physics?

Mr. M. S. A. Hydari : I have been looking through these Reports, and I have found in no report any specific mention of this point. I will read out, if the Honourable Member desires it, an extract from paragraph 30 of the Irvine Committee's Report, which is the only reference I have found on this question.

Mr. S. Satyamurti : Is it about the work of these two departments?

Mr. M. S. A. Hydari : The Committee appreciated highly the progress made in physics, but evidence quickly revealed the fact that physics was in process of becoming the dominant feature of the Institute, while the Departments of Chemistry remained under-staffed and were in consequence losing ground.

Mr. C. N. Muthuranga Mudaliar : With regard to (c), may I know if the Sewell Committee's Report does not mention that the head of the department is a lecturer with no research experience?

Mr. M. S. A. Hydari : Since the Sewell Committee, which was appointed in 1931, there has been the Irvine Committee in 1936. Why is the Honourable Member referring to the Sewell Committee when there has been a more recent review of the work of the Institute?

Mr. C. N. Muthuranga Mudaliar : Was there a change of personnel after the Sewell Committee's Report in 1931?

Mr. M. S. A. Hydari : No, Sir, the professor to whom the Honourable Member is referring is Dr. V. Subramanian, who is a D.Sc. of London.

Mr. S. Satyamurti : It is a poor qualification for research, as you know.

Mr. C. N. Muthuranga Mudaliar : Is it proposed to send him to England to qualify himself for professorship?

Mr. M. S. A. Hydari : I have no information.

Mr. T. S. Avinashilingam Chettiar : As regards clause (c), may I know whether circumstances have changed since the Sewell Committee's Report in such a way that the work is now satisfactory?

Mr. M. S. A. Hydari : I cannot say. The circumstances may have changed, but whether they are satisfactory or not, I cannot say.

Prof. N. G. Ranga : Has the Committee observed that the position is satisfactory?

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member can get it from the Report.

Mr. S. Satyamurti : My friend referred to the Report to show that there has been no change and the later Committee has made no Report.....

Mr. M. S. A. Hydari : On the question whether conditions are satisfactory or not, surely the very fact that these two departments are being re-organised shows that the authorities of the Institute feel that there is ground for some improvement, and I have already said that these two departments are under re-organisation.

REPORT OF EXPERTS ON THE RECONSTRUCTION OF SECONDARY SCHOOLS.

75. ***Mr. T. S. Avinashilingam Chettiar :** Will the Secretary of the Department of Education, Health and Lands, state :

(a) whether the experts to consider the reconstruction of secondary schools have submitted their report ;

(b) whether the report will be published ; and

(c) whether Government propose taking any action on the matter ?

Mr. M. S. A. Hydari : (a) Yes.

(b) The report was published on the 27th July, 1937.

(c) The report will be placed before the Central Advisory Board of Education for consideration at its next meeting.

Mr. Lalchand Navalrai : May I know who these experts were?

Mr. M. S. A. Hydari : Messrs. Wood and Abbott.

Mr. Lalchand Navalrai : May I know if they have investigated into the question of secondary education for the whole of India or for only a part of India?

Mr. M. S. A. Hydari : Only a part.

Mr. Lalchand Navalrai : Which part?

Mr. M. S. A. Hydari : The United Provinces and the Punjab.

Pandit Lakshmi Kanta Maitra : Will the Report be laid on the table of the House?

Mr. M. S. A. Hydari : It is in the Library, Sir.

Mr. N. M. Joshi : May I know, Sir, whether Members of the Assembly will be supplied with free copies?

Mr. M. S. A. Hydari : If there is a demand for it, I will consider the matter.

Mr. S. Satyamurti : Sir, Government appoint expert committees, and they report on fundamental matters in which this House is vitally interested. I submit, Sir, that you may recommend to the Government

that when these reports are published, they may be automatically supplied to all Members of this House.

Mr. M. S. A. Hydari : I will supply a copy to each Member of the House.

Mr. S. Satyamurti : I should like you, Sir, to consider this matter, and see that these reports are supplied to all Members of the House automatically.

Mr. President (The Honourable Sir Abdur Rahim) : In administrative matters I cannot interfere, but you have made the suggestion and it is for the Government to consider.

The Honourable Sir James Grigg : The Honourable Member concerned has already promised that he will do what is required, and I do not know what this further discussion is about.

Mr. S. Satyamurti : Will he supply copies ?

The Honourable Sir James Grigg : Yes, that is what he said.

Mr. S. Satyamurti : You speak so inaudibly, that we cannot hear what you say on that side.

COMMITTEE TO STUDY THE QUESTION OF THE COTTAGE AND SMALL INDUSTRIES.

76. ***Mr. T. S. Avinashilingam Chettiar :** Will the Honourable Member for Industries state :

(a) whether it is true that the Government have appointed a Committee to study the question of the cottage and small industries ;

(b) who are the members of the Committee ;

(c) what is the scope of the Committee reference ; and

(d) when they expect the report of the Committee ?

The Honourable Sir Thomas Stewart : (a) The reply is in the negative.

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

Mr. T. S. Avinashilingam Chettiar : May I know whether they have placed any special officer in order to study this question, if not a Committee ?

The Honourable Sir Thomas Stewart : I think the Honourable Member had probably in mind the placing on special duty of an officer in the Commerce Department in connection with minor industries in India.

Mr. T. S. Avinashilingam Chettiar : May I know when his report is expected ?

The Honourable Sir Thomas Stewart : I am no longer connected with the Commerce Department and I am afraid I cannot give an answer to the Honourable Member's question.

Mr. Laichand Navalrai : May I know from the Honourable Member if this Committee has been appointed to consider the question of cottage industries in the whole of India or only a part thereof ?

The Honourable Sir Thomas Stewart : In my reply I stated that no committee had been appointed.

Prof. N. G. Ranga : Will Government consider the advisability of appointing a committee like this to investigate into the ways and means of helping the cottage industries in this country ?

The Honourable Sir Thomas Stewart : That is primarily a responsibility of Provincial Governments.

Mr. President (The Honourable Sir Abdur Rahim) : Next question No. 77. **Mr. Asaf Ali.**

Mr. S. Satyamurti : May I put the question on behalf of **Mr. Asaf Ali** ?

Mr. President (The Honourable Sir Abdur Rahim) : Have you got a written authority from him ?

Mr. S. Satyamurti : I had one for yesterday, but not for today.

Mr. President (The Honourable Sir Abdur Rahim) : Then you cannot put the question for him.

Mr. M. Ananthasayanam Ayyangar : You have given a ruling that unless a Member is authorised in writing to put a question, he cannot be allowed to put it on behalf of a Member who is absent. May I invite your attention to Standing Order 19 which says :

" If on a question being called it is not put or the member in whose name it stands is absent, the President, at the request of any member, may direct that the answer to it be given."

The wording is " may direct ", and.....

Mr. President (The Honourable Sir Abdur Rahim) : It is a well established practice that in ordinary cases the Chair would allow a question to be put by another Member only if he has been authorised in writing.

Qazi Muhammad Ahmad Kazmi : As the rules relating to questions have been changed, will you kindly reconsider your ruling ?

Mr. President (The Honourable Sir Abdur Rahim) : No. It is a well established practice. Question No. 79. **Mr. Ranga.**

†77* and 78*.

RAILWAY CONCESSION FOR THE TRANSPORT OF FODDER TO THE FAMINE-RIDDEN AREAS IN GUJERAT.

79. ***Prof. N. G. Ranga :** Will the Secretary for Education, Health and Lands be pleased to state whether the Government of India have extended any railway concession for the transport of fodder to the famine-ridden areas in Gujerat ?

Mr. M. S. A. Hydari : No ; nor has any application for such concessions been received.

Mr. T. S. Avinashilingam Chettiar : May I know in such cases who generally applies ? The Provincial Government or any private Agency ?

Mr. M. S. A. Hydari : Provincial Government.

†For answer to these questions and replies thereto, see pages 522 and 523 of these debates.

EXCISE DUTY ON COTTAGE MATCH FACTORIES.

80. *Mr. T. S. Avinashilingam Chettiar : Will the Honourable the Finance Member state :

(a) how many cottage factories of matches have applied for and got exemption from the excise duty on matches in the year 1936-37 ;

(b) what is the exact definition of a cottage factory for the purpose of this excise duty ; and

(c) what has been the effect of the excise duty on cottage factories ?

Mr. A. H. Lloyd : (a) No application for exemption has been received.

(b) The expression "cottage factory" is not used in the Matches (Excise Duty) Act, 1934. I would invite the Honourable Member's attention to section 19 of that Act.

(c) I lay a statement on the table giving the information at present available as to the number of factories at work enjoying the concession referred to in section 19 of the Act.

Statement showing the number of Factories enjoying the Concession given by Section 19 of the Matches (Excise Duty) Act, 1934.

	31st March 1934.	31st March, 1935.	31st March, 1936.
Delhi	1	1	1
Madras	114	68	76
Bengal	25—30	9	11
Total	140—145	78	88

Mr. T. S. Avinashilingam Chettiar : May I know whether generally the cottage factories have declined or they have increased ?

Mr. A. H. Lloyd : Generally, as the statement will show, there was, after the duty was first introduced, a noticeable decline. Since then there has been a slight increase.

EVICTION OF MUHAMMAD ALI, AN INDIAN TRADER, FROM ABYSSINIA.

81. *Mr. T. S. Avinashilingam Chettiar : Will the Secretary for the Department of Education, Health and Lands state :

(a) whether they have received any replies to their representations to His Majesty's Government regarding the order of the Italian Government in Abyssinia evicting the Indian trader, Mohammad Ali ;

(b) if so, what are the replies ; and

(c) whether any compensations have been paid to the firm for the losses suffered by their eviction ?

Lieut.-Colonel A. E. B. Parsons : The subject matter of this question concerns the External Affairs Department and with your permission, I will answer it.

(a) Yes.

(b) As a result of His Majesty's Government's representations the Italian Government have undertaken to allow complete liberty of action to the firm in carrying out liquidation. Assurances have been obtained from them that no time limit for the removal of the firm or disposal of its property has been fixed. Negotiations between the firm and Italian interests for the disposal of the property have reached an advanced stage.

(c) No.

Mr. T. S. Avinashilingam Chettiar : May I know what losses they would have suffered if they were compulsorily wound up ?

Lieut.-Colonel A. E. B. Parsons : I cannot answer. I do not know. The losses must be a matter of estimate by the firm or by other people.

Mr. T. S. Avinashilingam Chettiar : May I know whether any attempts have been made to compensate them for their probable losses ?

Lieut.-Colonel A. E. B. Parsons : None.

Mr. T. S. Avinashilingam Chettiar : Why not ?

Lieut.-Colonel A. E. B. Parsons : Because in a matter like this, as the House will realise, the Italian Government has full powers to do what it likes and it will not admit claims for compensation for any executive action that it may take.

Mr. K. Santhanam : May I know if the firm has applied for any compensation ?

Lieut.-Colonel A. E. B. Parsons : So far as I know, not to the Government of India.

Mr. Muhammad Azhar Ali : Has the Indian Government any power to retaliate against the Italians ?

Lieut.-Colonel A. E. B. Parsons : I suppose they have, but whether it will be advisable for them to do so is quite another matter.

Mr. T. S. Avinashilingam Chettiar : May I know whether, apart from this firm, any other Indian firms have suffered in Abyssinia out of this Italo-Abyssinian war ?

Lieut.-Colonel A. E. B. Parsons : I cannot say for certain, but I think there was one other firm, a very small firm, and the matter was nowhere near as important as this one of Muhammad Ali. Some British subjects of British domicile however have also suffered.

Seth Govind Das : Even then Government do not think it necessary to retaliate ?

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

EXEMPTION FROM INCOME-TAX ALLOWED ON LEAVE ALLOWANCE AND SALARY PAID OUTSIDE BRITISH INDIA.

82. ***Mr. T. S. Avinashilingam Chettiar :** Will the Honourable the Finance Member state :

- (a) whether exemption from income-tax is allowed on leave allowance and salary paid outside British India ;
- (b) whether the income-tax experts have disapproved of this in their report ; and
- (c) what is the probable income that will accrue by removing this exemption ?

The Honourable Sir James Grigg : (a), (b) and (c) : I would refer the Honourable Member to the reply given to question No. 191 asked by Mr. Sri Prakasa in the Legislative Assembly on the 25th January, 1937.

Mr. S. Satyamurti : Was the Finance Member exempt from income-tax on his salary and leave allowance, when he visited England ?

The Honourable Sir James Grigg : I believe so.

Mr. T. S. Avinashilingam Chettiar : May I know whether any action has been taken by the Government of India to touch those salaries ?

The Honourable Sir James Grigg : The whole question of the recommendations contained in the Income-tax Committee's report is under consideration.

Mr. T. S. Avinashilingam Chettiar : May I know when the Government expect to finish their consideration ?

The Honourable Sir James Grigg : If the Honourable Member will look up the statement I made on the subject in the last budget debate he will see what I then contemplated that the programme should be.

Mr. S. Satyamurti : Will this matter be decided, before the Members of the Government take their next holiday to England ? (Laughter.)

MONEY OF SCHEDULED BANKS KEPT BY THE RESERVE BANK OF INDIA.

83. ***Mr. Sri Prakasa :** Will the Honourable the Finance Member state :

- (a) if it is a fact that under the law, the Reserve Bank keep large sums of money of scheduled banks without interest and that when scheduled banks require some portion of this money to meet sudden demands or tide over temporary difficulties, the Reserve Bank charges them a certain interest on their own money ;

- (b) if it is a fact that the period for which such temporary accommodation is given, is fixed and in no case can exceed a period of from Monday to Saturday ; and

- (c) whether Government are prepared to consider the desirability of extending the limit in time and also facilitate scheduled banks by permitting them to draw their own money without interest ?

The Honourable Sir James Grigg : (a) I would invite the attention of the Honourable Member to the provisions of section 42 of the Reserve Bank of India Act, 1934.

(b) To the best of my knowledge, no.

(c) The first part does not arise. As regards the second part I would invite the attention of the Honourable Member to the proceedings of the House on the 19th December, 1933.

Mr. Sri Prakasa : With reference to the Honourable Member's reply to part (b) of the question, am I to take it that the Honourable Member said that the answer was in the negative ?

The Honourable Sir James Grigg : I said to the best of my knowledge. I have no claim to omniscience.

Mr. Sri Prakasa : Will the Honourable Member enquire whether what I have stated is a fact or not ? It is a fact.

The Honourable Sir James Grigg : If it is a fact there is no need for me to enquire.

Mr. Muhammad Azhar Ali : Will the Honourable Member kindly say whether the Reserve Bank is prepared to accommodate landlords and zemindars throughout India in any form ?

The Honourable Sir James Grigg : That does not arise out of this question, but I should think it extremely unlikely from the terms of the Reserve Bank Act.

Mr. Muhammad Azhar Ali : It does arise under part (b) of the question.

The Honourable Sir James Grigg : It does not arise out of the question. There is nothing there about the zemindars or landlords ; it has reference only to scheduled banks.

Mr. Sri Prakasa : In view of the fact that scheduled banks, under the law, have to keep large sums of money into the Reserve Bank, and further in view of the fact that it pays no interest on those sums of money, will Government consider the desirability of helping such scheduled banks to get back their own money for short periods without interest in order to tide over temporary difficulties ? It is a great hardship and the Honourable Member should be a little more sympathetic.

The Honourable Sir James Grigg : I am not prepared to do that. The system of compulsory deposits and the compulsory keeping of Government balances is the foundation on which the Reserve Bank rests.

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

**CUSTOMS DUTY FOR BRINGING GOLD IN INDIA AND DUTY PAID BY PANDIT
JAWAHARLAL NEHRU ON A GOLD CASKET.**

84. *Mr. Sri Prakasa: Will the Honourable the Finance Member state :

(a) if it is a fact that while bringing a gold casket presented to him in the Malaya Peninsula, Mr. Jawaharlal Nehru, the President of the Indian National Congress, had to pay a duty of Rs. 1,100 as the said casket was appraised by the Indian Customs Authorities as being worth Rs. 2,200 ;

(b) what is the law regarding the bringing in of gold in India and what is the custom duty on it ; and if there are any exceptions as regards the various forms in which the same may be brought ; and

(c) whether Government are prepared to consider the desirability of revising their rules on the subject ?

The Honourable Sir James Grigg : (a) Government are aware that duty at the rate of 50 per cent. was charged on the casket.

(b) Manufactures of gold are liable to duty at the rate of 50 per cent. Gold bullion and gold sheets and plates which have undergone no process of manufacture subsequent to rolling are exempt from duty.

(c) Government are not prepared to revise the rate of duty on gold manufactures.

Mr. Mohan Lal Saksena : May I know if presents are also liable to duty ?

The Honourable Sir James Grigg : Yes, Sir.

Mr. Sri Prakasa : Is it a fact that gold ornaments that are brought into the country to be exhibited in public places are not charged any duty and that hospitals are particularly not regarded as such public places under the rules ?

The Honourable Sir James Grigg : The Honourable Member had better put down a question. It is a technical matter.

**CERTAIN STAFF IN THE OFFICES OF THE COMPTROLLER, SHILLONG, AND DEPUTY
COMPTROLLER, ASSAM.**

85. *Maulvi Abdur Rasheed Chaudhury : Will the Honourable the Finance Member please state :

(i) the total number of Superintendents and Clerks separately in the Comptroller's Office, Shillong, and how many of them are Mussalmans ; and

(ii) the total number of Divisional Accountants in the establishments of Deputy Comptroller, Assam, and how many of them are Mussalmans ?

The Honourable Sir James Grigg : A statement is laid on the table.

Statement showing the number of Mussalmans in the Office of the Comptroller, Assam.

	Total.	Mussalmans.
<i>Superintendents—</i>		
Permanent	17	Nil.
Temporary and officiating	2	Nil.
<i>Clerks—</i>		
Permanent	110	12
Temporary and officiating	14	4
<i>Divisional Accountants</i>	3	Nil.

There is no separate establishment for the Deputy Comptroller, Assam. All the establishments belong to the Comptroller's Office.

CORONATION GUESTS FROM INDIA.

86. *Mr. Badri Dutt Pande : (a) Will the Honourable the Finance Member state how many guests went from India to England on the occasion of the last Coronation ?

(b) Was the expenditure of the Coronation guests and of the military and police contingents and of the contingent from the ship " Dufferin " met by the British Government or the Government of India ? If by the latter, what is the total amount of expenditure incurred so far ?

The Honourable Sir James Grigg : This question should be addressed to the Honourable the Home Member.

Mr. S. Satyamurti : We should like, Sir, to have some clear guidance in these matters. We address the questions to one Department in accordance with the list supplied to us, and we are referred to another Department.

The Honourable Sir James Grigg : I think it is for the Department concerned to answer questions in regard to their own expenditure.

Mr. S. Satyamurti : May I submit to you, Mr. President, that yesterday I asked a question of the Finance Department and I was referred to the Home Department, and when I ask the Home Department, they refer me to the Finance Department ? They cannot have the best of both the worlds !

The Honourable Sir James Grigg : The Honourable Member must be aware that I said I thought there was some misunderstanding about the responsibility for answering that question and I undertook to clear it up. I do not think it quite fair to say that I am trying to make the best of both worlds.

Mr. President (The Honourable Sir Abdur Rahim) : In the case of expenditure like this, is it the duty of the Defence Department or the Finance Department to answer the question ?

The Honourable Sir James Grigg : I will clear up that point later.

Mr. S. Satyamurti : Then let this question stand over.

Mr. B. F. Mudie : I shall be able to answer that question.

(a) Seven representatives from British India attended His Majesty's Coronation in London as distinguished visitors.

(b) No expenditure was incurred either by the British Government or by the Government of India on account of these representatives.

All travelling expenses, rationing charges, deputation and other special allowances admissible to and incurred by the Naval, Military, Air Force and Police contingents while in England were met by the British Government; all other expenditure incurred in connection with the despatch of the contingent was met by the Government of India: a part of the expenses of the Police contingent being met by the respective Provincial Governments. The cost to the Government of India of sending a Coronation Contingent has not yet been determined but it will be in the region of seven lakhs. It may be stated that H. I. M. S. "Indus" and not "Dufferin" proceeded to the United Kingdom.

REORGANISATION OF THE STANDING FINANCE COMMITTEE.

87. *Mr. Badri Dutt Pande : Will the Honourable the Finance Member make a statement as to whether the Assembly Finance Committee is being reorganized? If so, will he be pleased to give us a broad outline of the changes proposed to be made?

The Honourable Sir James Grigg : With your permission, Sir, I shall deal with questions Nos. 87 and 88 together.

Government are not yet in a position to submit proposals for re-modelling the Standing Finance Committee and accordingly a Resolution in the usual form will be put down during the present Session.

Mr. S. Satyamurti : May I know if Government have come to any conclusion as regards the point raised in clause (a), that is to say, whether there is any proposal to set up an Estimates Committee on the lines of the Committee of the House of Commons?

The Honourable Sir James Grigg : A suggestion somewhat on these lines was put up by my friend, Mr. Joshi. If the question is whether we have decided or provisionally decided to set up such a committee, the answer is in the negative.

Mr. T. S. Avinashilingam Chettiar : May I know whether this question of reorganisation has been dropped?

The Honourable Sir James Grigg : It has not been dropped. That is implied in the use of the word 'yet'.

Mr. S. Satyamurti : The matter will be decided, before the end of the Session?

The Honourable Sir James Grigg : I shall put forward the usual Resolution in regard to the Standing Finance Committee. If the House decides then not to have the committee in its present form but in some other form, then Government will have to consider the matter.

Mr. S. Satyamurti : My Honourable friend put down a motion last Session, to which I sought to move an amendment saying that the Chairman should not be my esteemable friend but some body else. He withdrew his motion and said that he would put forward alternative proposals.

The Honourable Sir James Grigg : We undertook to consider whether we could put forward alternative proposals but owing to certain circumstances we have not yet been able to reach a decision. The position now is that I am not in a position to put forward alternative proposals and so I propose to put down a Resolution precisely in the same form as before.

PROPOSALS FOR SETTING UP OF AN ESTIMATES COMMITTEE AND ABOLITION OF THE STANDING FINANCE COMMITTEE.

†88. *Mr. S. Satyamurti : Will the Honourable the Finance Member be pleased to state :

- (a) whether there is any proposal to set up an Estimates Committee of the House on the lines of a similar Committee in the House of Commons ;
- (b) whether Government propose to place before the Simla Session of the Assembly any proposal to set up a Finance Committee of the Assembly ; and
- (c) whether they propose to abolish the Finance Committee altogether ?

RESTRICTION ON THE HOLDING OF THE RESERVE BANK OF INDIA SHARES.

89. *Mr. S. Satyamurti : Will the Honourable the Finance Member be pleased to state :

- (a) whether there is any proposal to legislate, so as to restrict the holding of Reserve Bank shares to 200 ;
- (b) whether it is a fact that a large number of these shares are held at present by some banks, firms or individuals, all or most of them non-Indian ; and
- (c) whether Government propose to introduce legislation early, so as to see that the Reserve Bank remains a national institution ?

The Honourable Sir James Grigg : This question has been brought to my notice and is at present engaging my attention.

Mr. S. Satyamurti : May I know if my Honourable friend will be able to put down proposals in a legislative form, during the Simla Session ?

The Honourable Sir James Grigg : I would rather not go beyond the answer I have given.

REDUCTION IN THE PRICE OF GOLD AND GOVERNMENT'S CURRENCY POLICY.

90. *Mr. S. Satyamurti : Will the Honourable the Finance Member be pleased to state :

- (a) whether his attention has been drawn to a leading article in the *Amrita Bazar Patrika*, dated the 8th June, 1937, entitled the "Gold Problem" ;

†For answer to this question, see answer to starred question No. 87.

508

LEGISLATIVE ASSEMBLY.

[25TH AUG. 1937.]

- (b) whether it is a fact that the British Government held a secret conference recently with the representatives of the Dominion Governments, and the latter are reported to have given their consent in regard to the proposal of reducing the price of gold ;
- (c) whether the Government of India was consulted on this issue ;
- (d) whether Government have considered that a reduction in the price of gold by Britain will cause an appreciation in the value of the Indian rupee with disastrous effect on our commodity prices ; and
- (e) whether Government propose to issue a definite statement regarding its currency policy ?

The Honourable Sir James Grigg : (a) Yes.

(b) (c) and (d). I think these parts of the question are sufficiently disposed of by the statement made by the Chancellor of the Exchequer in the House of Commons on the 8th June, 1937, and by statements made by President Roosevelt and others in America at about the same time.

(e) I have nothing to add to what I said on this subject in connection with an adjournment motion on the 8th of October, 1936.

Mr. S. Satyamurti : In view of these statements having been made in the House of Commons in England and in the House of Representatives in America, will my Honourable friend consider the desirability of issuing a definite statement regarding the currency policy of the Government ?

The Honourable Sir James Grigg : I do not think it is necessary. I am quite ready to let my Honourable friend see the answer of the Chancellor of the Exchequer to which I have referred.

JUNIOR CIVILIANS BROUGHT IN THE FINANCE DEPARTMENT FOR TRAINING PURPOSES.

91. ***Mr. S. Satyamurti :** Will the Honourable the Finance Member be pleased to state :

- (a) whether it is a fact that a number of junior civilians have been brought up to the Government of India, in the Finance Department, for training purposes ;
- (b) if so, whether the idea is that they are to be trained for future services in the Customs, Income-tax, Audit and Finance Departments ; and
- (c) whether it is proposed to recruit civilians even for the Audit Department, and if so, why ?

The Honourable Sir James Grigg : (a) Two junior civilians have recently been brought up to the Finance Department for training.

(b) The intention is that if they prove suitable they should subsequently be employed in the Finance or Commerce Department or in Departments subordinate to them.

(c) It is not proposed that any civilians should be recruited specifically for service in the Audit Department ; but such officers will, from time to time, be employed in that Department as hitherto.

Mr. S. Satyamurti : In view of the fact that the functions of the Audit Department are not similar to the functions of the Finance Department, in fact, very dissimilar, may I know if Government contemplate keeping the recruitment separately, so as not to bring about any confusion or misunderstanding, in respect of the very different functions of this department ?

The Honourable Sir James Grigg : The integrity of the Audit and Accounts Service will be preserved. There is no change contemplated.

Mr. T. S. Avinashilingam Chettiar : Are those two civilians Indians ?

The Honourable Sir James Grigg : Those two are Europeans, but in point of fact there is another Indian in training elsewhere in one of the subordinate Departments of the Finance Department and another Indian is due to join in October.

Mr. Muhammad Ashar Ali : Is this proportion of two and one one of the recommendations of the Government of India ?

The Honourable Sir James Grigg : Two and two does not seem to me to be two and one.

NON-ACCEPTANCE OF ACCOUNTS IN BHIWANI SARAFI BAZAR BY THE INCOME-TAX AUTHORITIES.

92. ***Mr. Sham Lal :** (a) Will the Honourable the Finance Member be pleased to state whether the accounts in Bhiwani Sarafi Bazar are kept on the same line as at Delhi on a definite system ?

(b) Is it a fact that up to the year 1933-34 these accounts at Bhiwani were considered to be regular and accepted by the Income-tax authorities but they are now being disbelieved by them ?

(c) What is the reason for disbelieving these accounts ?

(d) Is it due to any instructions being issued by the Income-tax Department ?

Mr. A. H. Lloyd : I have called for certain information and will lay a reply on the table in due course.

RUPEE COINS AND CURRENCY NOTES REFUSED BY CASHIERS IN GOVERNMENT TREASURIES.

93. ***Mr. Sham Lal :** Will the Honourable the Finance Member be pleased to state :

(a) whether it is a fact that in many Government Treasuries and Sub-Treasuries, Government rules for the acceptance of various kinds of rupee coins and currency notes under various conditions are not to be found hanging down at prominent places in English and Vernacular for the guidance of the people ;

(b) if so, whether he is aware that rupee coins and currency notes brought to Treasuries and Sub-Treasuries for payment by the people are frequently refused on flimsy grounds by cashiers employed by Government Treasurers ; and

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- (c) if so, whether Government propose to take any action in the matter ?

The Honourable Sir James Grigg : (a) I understand that such notices are exhibited in Government treasuries and sub-treasuries. If the Honourable Member will inform me of any instance where Government instructions are not observed I shall have the matter looked into.

- (b) No.

- (c) Does not arise.

Mr. Lalchand Navalrai : May I know which are the grounds, apart from the coins being counterfeit, on which such coins can be refused ? Except on the ground that the coins are counterfeit, are there any other grounds on which the treasury can refuse them ?

The Honourable Sir James Grigg : I think that, for instance, under-weight coins can be refused. The Honourable Member had better put down a question.

REDUCTION OF FEES IN SECONDARY SCHOOLS OF THE DELHI PROVINCE.

94. ***Mr. Sham Lal :** Will the Secretary for Education, Health and Lands be pleased to state :

- (a) whether it is a fact that the latest enhancement of school fees for students of certain classes was effected in secondary schools of the Delhi Province almost at the time when the ten per cent. cut in the salaries of Government servants was enforced ;
- (b) if so, whether it is now proposed to have school fees brought to the old level specially when the ten per cent. cut has come to be withdrawn ;
- (c) if not, why not ?

Mr. M. S. A. Hydari : Enquiries have been made and a reply will be furnished on receipt of information.

MANUFACTURE OF SOAP AND VEGETABLE OIL.

95. ***Mr. Sham Lal :** Will the Honourable Member for Industries and Labour be pleased to state :

- (a) whether the manufacture of soap and vegetable oil ever engaged the attention of the Industrial Research Bureau of the Central Government ; and
- (b) if so, what the result has been ?

The Honourable Sir Thomas Stewart : The attention of the Honourable Member is invited to Chapter V of the Report of the Industrial Research Bureau for the year 1936-37, copies of which are available in the Library of the House.

NON-CLEARANCE OF LETTER BOXES ON CERTAIN STATIONS.

96. ***Mr. Sham Lal :** Will the Honourable Member for Industries and Labour be pleased to state :

- (a) whether it is a fact that there is no daily clearance of mail-boxes on several small railway stations where trains having Railway Mail Service carriages do not stop ;
- (b) whether Government are aware of the inconvenience to which the station staff and the rural people of the neighbourhood are being subjected in this connection ;
- (c) if so, whether Government propose to secure the co-operation of postal and railway authorities in this matter for making some other arrangements ?

The Honourable Sir Thomas Stewart : (a) There are some small railway stations at which letter boxes are not cleared daily.

(b) Government are aware that some inconvenience must result from this, but these stations are at a distance from the nearest post office ; so, to ensure a daily clearance, extra staff would have to be employed. The extra expenditure involved by this would not be justified in view of the small number of letters posted in such letter boxes. The question of improving the service whenever it is possible to do so at a reasonable cost is kept under constant review.

- (c) Does not arise in view of the reply to part (b).

Mr. Mohan Lal Saksena : What will be the amount of extra expenditure ?

The Honourable Sir Thomas Stewart : I must have notice of that.

Prof. N. G. Ranga : Is it one of the results of the proposed additional postal facilities for rural folk ?

The Honourable Sir Thomas Stewart : Sir, the case of these boxes at railway stations to which reference is made is entirely on all fours with the case of rural post offices, where there is at present an insufficient service, and equal treatment will be given to these and to the rural post offices as occasion offers.

Mr. Mohan Lal Saksena : Is the Honourable Member aware that railway *dak* is being carried daily from every station ?

The Honourable Sir Thomas Stewart : I am quite willing to take the Honourable Member's word for it but this is carried out through the agency of the railways themselves on the spot.

Mr. Mohan Lal Saksena : Will the Honourable Member inquire from the Railway Department whether they can give facilities in taking these letters from these stations to the next station where the mail stops ?

The Honourable Sir Thomas Stewart : I rather fear that if I made the request, my Honourable colleague, the Railway Member, would ask me to pay for it.

POSITION IN REGARD TO INDIAN CLOVE TRADERS IN ZANZIBAR.

97. *Mr. S. Satyamurti : Will the Secretary for the Department of Education, Health and Lands be pleased to state :

- (a) the latest position with regard to Indian Clove Traders in Zanzibar ;
- (b) whether Government propose to take any step to grow cloves in India, and to prohibit the entry of Zanzibar Cloves ; and
- (c) whether any other steps are being contemplated by the Government of India to vindicate the position of Indians in Zanzibar, and if so, what they are ?

Mr. M. S. A. Hydari : (a) The Honourable Member's attention is invited to the press communiqué, dated the 23rd July, 1937, issued by the Department of Education, Health and Lands, copies of which have been placed in the Library of the House. Information has since been received to the effect that owing to non-participation by Indians, non-Indians are entering the trade in considerable numbers.

(b) As regards the earlier portion of the question the possibility of growing cloves in India is being investigated by an officer at the request of the Government of India deputed by the Imperial Council of Agricultural Research. The reply to the latter part is in the negative.

(c) As explained in the press communiqué referred to in part (a), the Government of India consider the new scheme should be tried. If in practice the suggested safeguards are not sufficient to prevent racial discrimination, a further approach will be made.

Mr. S. Satyamurti : With reference to the answer to clause (a) of the question, may I know whether the Government have any information on the point of the passive resistance of all Indian traders in Zanzibar in respect of this clove trade and will they let us have the latest information they have ?

Mr. M. S. A. Hydari : Sir, I can read out certain information which we have received.

An Honourable Member : When ?

Mr. M. S. A. Hydari : On the 19th of August "The movement is kept going principally by bankers and other money-lenders locally with support from Tayak Ali, President of the Indian National Association, who has been in Bombay for over a year. It is considered that substantial number of traders would welcome resumption of normal conditions and that these and mass of Indian craftsmen and employees are only kept in the movement by appeal to racial prestige and unfounded statements that the legislation discriminates against the Indian race. Consequently, export trade except to India is passing to non-Indians, and non-Indians' internal buying agents are establishing themselves in large numbers. Summary of practical effects of non-participation is that efforts made by Zanzibar and Indian Governments to keep Indians in clove trade are nullified and the longer it persists, the more difficult it will be for Indians to resume, especially as regards purchasing cloves for Clove Growers'

Association where Arabs prove very successful. Indian National Association were informed that direct export must be considered as normal flow was impeded. On business grounds, exports to India should be negotiated immediately but to avoid embarrassment, authority to export direct if non-participation continues, will be delayed till September 1st. Well-known Indian purchasers in Calcutta and Madras have requested direct export to them by the Clove Growers' Association."

Mr. Kuladhar Chaliha : May I know from whom the information has been received ?

Mr. M. S. A. Hydari : From the Government of Zanzibar. (Laughter.)

Mr. K. Santhanam : May I know if the passive resistance on the part of Indians is complete ?

Mr. M. S. A. Hydari : I do not know what you mean.

Mr. K. Santhanam : May I know if there are any Indians who are not participating in this passive resistance and taking to the clove trade ? May I know how this agreement is to be tried in view of the non-participation of Indians ?

(No reply.)

POLICY OF INDIA IN MATTERS OF QUININE.

98. *Mr. Badri Dutt Pande : Will the Secretary-in-charge of Education, Health and Lands state :

- (a) what is the present policy of India in matters of quinine ;
- (b) what is the annual expenditure ;
- (c) how much quinine is imported from Java and outside ;
- (d) how much is grown in India ;
- (e) what is the profit Government derives from the sale of quinine ; and
- (f) how is this profit utilized ?

Mr. M. S. A. Hydari : (a) The production, supply and distribution of quinine are matters entirely of provincial concern. In order to find out whether larger and cheaper supplies of quinine can be made available in the country, the Government of India have, out of a special grant of Rs. 10 lakhs made to the Indian Research Fund Association for anti-malarial work, set apart a sum of Rs. 1 lakh for an inquiry into the possibility of extending cinchona production in India.

(b), (e) and (f). These are matters for the Provincial Governments concerned.

(c) The imports of quinine salts in 1935-36, which is the latest year for which figures are available, amounted to 9,619 lbs. from Java and 93,991 lbs. from other countries.

(d) The output of quinine of the Governments of Bengal and Madras which are the only two quinine producing Governments, now in India amounted in 1935-36 to 74,441 lbs. and 25,402 lbs. respectively.

Mr. Badri Dutt Pande : Do Provincial Governments import quinine for themselves or do the Government of India import it for them ?

Mr. M. S. A. Hydari : As far as I know, the two producing Provincial Governments do not import. But after the 1st of April this year there is nothing to prevent any Provincial Government in India importing quinine for their own needs.

Prof. N. G. Ranga : In view of the fact that several Provincial Governments do not grow their own cinchona and manufacture quinine and the supply of this quinine is of such great importance for the better health of the people, will Government consider the advisability of calling for a conference of the representatives of various Provincial Governments to develop a uniform policy for the supply and distribution of quinine for the whole of India ?

Mr. M. S. A. Hydari : The position was exhaustively discussed at the last meeting of the Central Board of Health and as a result of their recommendation this officer has been appointed. I think we must wait for his report before considering what further action should be taken.

Mr. Badri Dutt Pande : May I ask why Colonel Sir Henry Gidney's speech was considered dangerous by the Government of India ?

Mr. M. S. A. Hydari : That question does not arise.

OVERLOOKING OF THE CLAIMS OF HINDUS IN POST MASTERS' GRADE IN THE FATEHGARH POSTAL DIVISION.

99. ***Bhai Parma Nand :** Will the Honourable Member for Posts and Telegraphs be pleased to state :

- (a) what is the proportion of Hindus and Muslims among those who have been confirmed on the newly created grade of Post Masters in the Fatehgarh Division ;
- (b) whether it is a fact that in the selection the claims of Hindus have been overlooked ; and
- (c) whether it is a fact that in this Division postal officers had to work shorthanded and then were criticised and transferred to unsuitable places ; if so, why ?

The Honourable Sir Thomas Stewart : (a) There is no newly created grade of Postmasters in the Fatehgarh Division.

(b) The appointment of Postmasters is not made by direct recruitment and as such is not governed by the communal orders. I have no reason to believe that any legitimate claims have been overlooked. If any official considers he has a grievance it is open to him to represent his case to the proper authority through the usual official channel.

(c) Government cannot admit the general allegation that this Division is undermanned.

Mr. Lalchand Navalrai : With regard to part (a), may I know whether any Postmasters have been newly confirmed in the Fatehgarh Division ?

The Honourable Sir Thomas Stewart : May I ask the Honourable Member to repeat his question.

Mr. Lalchand Navalrai : The Honourable Member has replied that there is no proportion of Hindus and Muhammadans in the newly created grade. I do not ask about the newly created grade but I want to know whether any Postmasters have been recently and newly confirmed ?

The Honourable Sir Thomas Stewart : I believe that that is a continuous process in any large service.

Mr. Lalchand Navalrai : I want to know if there has been any confirmation due to the proportion of Hindus and Muhammadans ?

The Honourable Sir Thomas Stewart : That does not arise.

Mr. M. S. Aney : What is the number of Postmasters who have been confirmed in that division ?

The Honourable Sir Thomas Stewart : I shall require notice of that question.

Mr. M. S. Aney : The question itself contains this and there is no need for a further notice.

The Honourable Sir Thomas Stewart : I cannot agree with the Honourable Member. I am asked a question with regard to a newly created grade which does not exist. I can give no information about that which is non-existent.

Sir Muhammad Yakub : Considering the fact that there are certain complaints by Bhai Parma Nand and other Honourable Members about the inadequacy of certain classes in the Postal Department, will the Government be pleased to institute a full inquiry into all the services under the Postal Department in India and find out whether all the communities are duly represented or not as was pointed out in the Communiqué issued by the Government of India ?

Mr. S. Satyamurti : Then you will not get your letters !

Sir Muhammad Yakub : I am glad my friend, Mr. Satyamurti, is assuming the power of Government.

The Honourable Sir Thomas Stewart : The question of the proper representation of communities within the postal services is one which is under continuous review.

Sir Muhammad Yakub : By whom ?

The Honourable Sir Thomas Stewart : By responsible officers in the Department.

Sir Muhammad Yakub : Have they any sympathy with the Muslims ?

(No reply.)

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

IMPOSITION OF EMBARGO ON THE IMPORT OF CLOVES FROM ZANZIBAR.

100. ***Seth Govind Das :** Will the Secretary for the Department of Education, Health and Lands be pleased to state :

- (a) whether they received a telegram from the Bombay Merchants' Chamber in the month of July directly after the Zanzibar

Clove Decree urging on the immediate imposition of embargo on the import of cloves to India from Zanzibar ;

- (b) whether Government have taken any action on the telegram ;
- (c) whether Government consider the concessions granted to Indians in Zanzibar adequate and touches the main problem ;
- (d) whether Government consider the concessions meeting the demands of the people or the recommendations of the Government ;
- (e) whether Government made any further representation to His Majesty's Government after the interpellations in the House of Commons, and reference made by Lord Halifax in the House of Lords on the 21st July ; and
- (f) if so, what those representations are and the result thereof ?

Mr. M. S. A. Hydari : (a) Yes.

(b) No.

(c) and (d). The Honourable Member's attention is invited to the press communiqué, dated the 23rd July, 1937, copies of which have been placed in the Library of the House.

(e) No.

(f) Does not arise.

ACTION ON THE RESOLUTION re INTRODUCTION OF HOMOEOPATHIC TREATMENT IN HOSPITALS AND RECOGNITION OF HOMOEOPATHIC COLLEGES.

101. ***Mr. Lalchand Navalrai :** (a) Will the Secretary for Education, Health and Lands be pleased to state if any effect has been given to the Resolution passed by the Legislative Assembly on the 22nd April, 1937 recommending to the Governor General in Council to introduce homœopathic treatment in Government hospitals and give homœopathic colleges in India the same status and recognition as in the case of allopathic colleges ?

(b) Do Government propose to take any steps or make any recommendation to All-India Medical Council to further the interest of homœopathic treatment and recognition and if so, what ? If not, why not ?

Mr. M. S. A. Hydari : (a) and (b). I would invite the Honourable Member's attention to the speech of Sir Girja Shankar Bajpai on the Resolution moved on the 2nd April last. The Central Government's attitude was explained in that speech. Copies of the record of the debate have been sent to the Provincial Governments.

Mr. Lalchand Navalrai : My question was not as to what was contemplated at that time. My question is : since then what has been the effect of that Resolution ?

Mr. M. S. A. Hydari : I have said that copies of the record of the debate have been sent to Provincial Governments.

EXPENDITURE INCURRED ON FRONTIER OPERATIONS.

102. ***Sardar Mangal Singh :** (a) Will the Honourable the Finance Member please state the total extra expenditure that has so far been incurred on the Frontier operations from the beginning of the present campaign ?

(b) How much of it has been credited to the Military Department and how much to the Political Department ?

The Honourable Sir James Grigg : (a) and (b). I am not at present in a position to give any definite figures, since complicated accounting adjustments are necessary in order to distinguish between expenditure which is solely due to these operations and expenditure which would in any case have been incurred.

I may add that the expenditure up to the end of March was about 25 lakhs and thereafter it has been very roughly at the rate of one lakh per day.

Mr. S. Satyamurti : Is it up-to-date, 3½ crores ?

The Honourable Sir James Grigg : No.

Prof. N. G. Ranga : May I ask why the Government waited to start these operations until the last Session of the Assembly had been adjourned and why did they conclude these operations before this Session had begun ?

The Honourable Sir James Grigg : I wish that the second part of the Honourable Member's question had been right.

Sardar Mangal Singh : What is the answer to part (b) ?

The Honourable Sir James Grigg : That answer is covered by my main answer. I have answered both parts together.

CIRCULATION OF SPURIOUS RUPEES IN INDIA.

103. ***Sardar Mangal Singh :** (a) Will the Honourable the Finance Member please state whether Government are aware of the fact that there is a large number of spurious rupees now in circulation all over the country ?

(b) If the answer to part (a) be in the affirmative what steps do Government propose to take to stop this evil ?

The Honourable Sir James Grigg : (a) Yes.

(b) I would invite a reference to part (b) of the reply which I gave to question No. 162 asked by Mr. Lalchand Navalrai on the 25th of January, 1937.

Mr. Sri Prakasa : Is it not a fact that every single rupee in circulation in India is spurious because there is only 8 annas worth of silver in it ; and when does the Honourable Member expect his Government to be honest enough to give full value to the rupee ?

Mr. President (The Honourable Sir Abdur Rahim) : It need not be answered.

Mr. Sri Prakasa : Have you disallowed my question, Sir ?

REDUCTION IN THE SALARIES OF IMPERIAL SERVICES.

104. *Sardar Mangal Singh : (a) Will the Honourable the Finance Member please state whether in view of the altered political condition in India Government propose to move the Secretary of State for India to take steps to reduce the salaries of Imperial Services so as to bring them to the level of Indian conditions ?

(b) Have the Government of India mentioned the fact of the reduced salaries of the Congress Ministers in their despatches after the Congress has taken offices ?

The Honourable Sir James Grigg : This question should have been addressed to the Home Department. I understand that they are prepared to reply.

Mr. R. F. Mudie : (a) No such proposals are at present under consideration.

(b) I have no doubt that the Secretary of State is aware of the position.

Mr. S. Satyamurti : May I know, Sir, whether the Government of India send weekly despatches to the Secretary of State or not ?

Mr. R. F. Mudie : That does not arise.

Mr. S. Satyamurti : What is the meaning of this ? Will you, Sir, kindly look at the question. Part (b) says :

"Have the Government of India mentioned the fact of the reduced salaries of the Congress Ministers in their despatches after the Congress has taken offices ?"

I asked whether the Government of India send weekly despatches to the Secretary of State for India, and the Honourable Member says that question does not arise.

Mr. President (The Honourable Sir Abdur Rahim) : The supplementary question is whether any weekly reports are sent. I do not think it is really covered by this question. The question is whether with regard to a particular matter any motion has been made.

Mr. S. Satyamurti : Please read parts (a) and (b) together. The point is whether they have taken effective steps to move the Secretary of State. It is well-known that the Government of India do send despatches to the Secretary of State.

Mr. President (The Honourable Sir Abdur Rahim) : If it is a well-known fact, a question need not be asked.

Mr. S. Satyamurti : I am asking whether Government send it weekly.

Mr. President (The Honourable Sir Abdur Rahim) : The questioner wanted certain information which has been given, and I really do not see how this supplementary question arises.

Mr. S. Satyamurti : The point is whether the Government of India have informed the Secretary of State about the reduced rate of salary taken by the Congress Ministers ?

Mr. President (The Honourable Sir Abdur Rahim) : He has answered that.

Mr. S. Satyamurti : No good answer. "I daresay the Secretary of State knows"—is that an answer to this question ? The question is whether the Government of India have informed the Secretary of State ?

Mr. R. F. Mudie : The answer may be a little elliptical. But it is fairly obvious. I think that we have not brought this point specially to the notice of the Secretary of State in a despatch.

Mr. S. Satyamurti : That is an honest answer.

Seth Govind Das : Do they now propose to do it ?

Mr. Lalchand Navalrai : I rise to a point of order. During this sitting of the Assembly, I find that the Treasury Benches very often say in answer to supplementary questions that they do not arise. I want to know from the Chair generally whether it is not the duty of the Chair to decide which question arises and which does not ? Or is the duty laid upon the Government to decide ?

Mr. President (The Honourable Sir Abdur Rahim) : If any dispute arises of course the Chair will finally decide.

EXPENDITURE INCURRED ON THE BRITISH SECTION OF THE ARMY IN INDIA.

105. *Sardar Mangal Singh : (a) Will the Honourable the Finance Member please state the total expenditure incurred on the British section of the Army in India including the transport charges from and to England and expenses in connection with the recruitment and training of the British regiments ?

(b) Will the Honourable the Finance Member please state how much could be saved out of this expenditure if the British regiments be replaced by Indian Nationals ?

The Honourable Sir James Grigg : (a) The expenditure on the British portion of the Army in India is estimated at approximately Rs. 12 crores per annum inclusive of transport charges from and to England and expenses in connection with the recruitment and training of the British troops.

(b) Rather more than one-half.

ENFORCEMENT OF PROHIBITION IN CERTAIN PLACES IN THE CENTRALLY ADMINISTERED AREAS.

106. *Sardar Mangal Singh : Will the Honourable the Finance Member please state whether the Government of India contemplate to take steps to enforce prohibition in some suitable places in the centrally administered areas as an experimental measure ?

The Honourable Sir James Grigg : No, Sir.

NEW APPOINTMENTS MADE IN THE FINANCE DEPARTMENT.

107. *Mr. C. N. Muthuranga Mudaliar : Will the Honourable the Finance Member please state :

(a) the number of new appointments made in the Finance Department since 1st April, 1937 ;

- (b) the number of posts to which members of the Indian Civil Service have been appointed ;
- (c) the number of posts to which members of other services have been appointed (separately) ;
- (d) whether a post of Joint Secretary has been created ;
- (e) whether the post of Budget Officer, formerly held by an Indian, is now filled by a European member of the Indian Civil Service ;
- (f) whether the intention is that the post of Budget Officer, which now is that of a Deputy Secretary to Government, should in future be held by a European and that for that purpose a European is now receiving training under an Indian Accounts Officer ; and
- (g) the increase in the total cost of establishment (officers) of Finance Department on account of the new appointments made since 1st April, 1936 ?

The Honourable Sir James Grigg : (a), (b), (c) and (d). The following new posts have been created in the Finance Department since the 1st of April, 1937 :

- (1) A temporary post of Additional Joint Secretary, held by an officer of the Indian Audit and Accounts Service.
- (2) Two posts of Under Secretary, held by officers of the Indian Audit and Accounts Service. The posts of Assistant Secretary previously held by these officers have been abolished.
- (3) A temporary post of Under Secretary and a temporary post of Officer on Special Duty. These posts are held by officers of the Indian Civil Service.
- (4) Two temporary posts of Officers on Special Duty in the Central Board of Revenue. These posts are held by officers of the Income-tax Service.
- (5) A temporary post of Assistant Secretary, held by an officer of the Imperial Secretariat Service.

(e) Yes.

(f) No.

(g) The additional expenditure involved for the period from the 1st of April to the 31st of August, 1937, is approximately Rs. 30,000.

Mr. T. S. Avinashilingam Chettiar : What is the reason for this increase in the personnel of the department ?

The Honourable Sir James Grigg : Increase of work.

Mr. T. S. Avinashilingam Chettiar : What special circumstances have risen to necessitate increase of work ?

The Honourable Sir James Grigg : Take one example. The consideration of the income-tax experts' report is the cause of the addition to the Central Board of Revenue.

Mr. S. Satyanartri : Has the attention of the Finance Department been drawn to the creation, not unoften, of these new posts after the Budget has been passed by this House ? Will the Honourable the Finance Member consider the advisability of not creating new appointments in the Finance Department specially—which ought to set better example—without reference to this House ?

The Honourable Sir James Grigg : I do not think it is always possible to wait for the authority of this House before appointing officers in case of sudden increase of work, or unforeseen increase of work. But I agree with the Honourable Member to this extent that in preparing the estimate for the year, the Department ought, as far as possible, to foresee the increase of work during the course of the year, even if it has not actually materialised.

Mr. C. N. Muthuranga Mudaliar : May I know how many of these newly appointed officers are Indians and how many are non-Indians ?

The Honourable Sir James Grigg : A majority of them are Indians. The post referred to in No. (1) is held by an Indian, both the posts referred to in No. (2) are held by Indians, those in No. (4) by Indians. Both the posts in No. 3 are held by Europeans.

Mr. T. S. Avinashilingam Chettiar : Apart from the Central Board of Revenue in which special work has come on account of the income-tax enquiry report, what special work has arisen in the Finance Department necessitating the appointment of these new officers ?

The Honourable Sir James Grigg : I cannot go into that in detail. But I can assure the Honourable Member that the Finance Department's work has increased and is increasing.

EXPENDITURE ON THE INDIAN CIVIL SERVICE AND OTHER IMPERIAL SERVICES.

108. ***Mr. C. N. Muthuranga Mudaliar :** Will the Honourable the Finance Member please state :

- (a) the percentage of the total expenditure of the Central Government for which expenditure on the services (Indian Civil Service, other Imperial Services and others, to be shown separately) including their pension (the latter to be shown separately) was responsible on the 1st April, 1919, 1st April, 1921, 1st April, 1925, 1st April, 1930, 1st April, 1933, 1st April, 1936 and 1st July, 1937 ; and
- (b) the percentage of increase represented by the expenditure on the Indian Civil Service and other Imperial Services on 1st April, 1937 compared with 1st April, 1921 and the reasons therefor ?

The Honourable Sir James Grigg : (a) and (b). The information is not available.

APPOINTMENT OF A RETRENCHMENT COMMITTEE FOR EXPLORING AVENUES OF ECONOMY.

109. ***Mr. C. N. Muthuranga Mudaliar :** Will the Honourable the Finance Member please state :

- (a) whether in view of the great growth in expenditure by the Central Government since the Retrenchment Committee

reported in 1932 he is prepared to consider the desirability of appointing a retrenchment committee to go into the question again with a view to exploring all possible avenues of economy, and if not, why not ;

(b) whether he has considered the question of retiring all members of the services who have put in 25 years' service or have attained 50 years of age on full pension, and if so, what is the result, and if not, why not ; and

(c) whether the point referred to in part (b) above has been considered from the point of view of mitigating the severity of unemployment ?

The Honourable Sir James Grigg : (a) I do not consider it necessary to appoint another retrenchment committee at the present stage.

(b) and (c). Proposals of this nature have been considered from time to time and the possible effect on the unemployment question of a change in the rules governing the age of retirement is still under examination.

Mr. President (The Honourable Sir Abdur Rahim) : Mr. Muthuranga Mudaliar has exhausted his quota of questions. The answers to questions Nos. 110 and 111 will be printed in the debates, as written answers.

(b) WRITTEN ANSWERS.

NON-EXTENSION OF ACTS DESIGNED FOR THE RELIEF OF RURAL INDEBTEDNESS TO THE DELHI PROVINCE.

77. ***Mr. M. Asaf Ali :** Will the Secretary for Education, Health and Lands please state why the Local Government of Delhi Province has not extended any of the Acts designed for the relief of rural indebtedness to the Delhi Province, despite repeated demands by several rural conferences during the last three years ?

Mr. M. S. A. Hydari : Proposals for the extension of the Punjab Relief of Indebtedness Act, 1934, to Delhi are under examination and it is hoped to arrive at an early decision.

FINANCIAL AID FOR THE DEVELOPMENT OF INDUSTRIES IN THE DELHI PROVINCE.

78. ***Mr. M. Asaf Ali :** (a) Will the Honourable Member for Industries and Labour state if it is a fact :

- (i) that the Punjab State Aid to Industries Act has not been extended to Delhi Province in spite of repeated representations made by industrial and manufacturing interests in Delhi ;
- (ii) that Banks do not give advances to the industrial concerns on reasonable terms on mortgage of machinery and plant ;
- (iii) that many small industries are either languishing or not making the desired advance on account of absence of facilities of obtaining financial assistance on reasonable terms of payment ; and

(iv) that State Financial Aid is given for the development of industries in almost all the provinces of India ?

(b) What aid, if any, is the Local Government of Delhi giving in the Province ?

The Honourable Sir Thomas Stewart : (a) (i). The Act has not been extended to Delhi, and I am not aware that there have been repeated representations for its extension.

(a) (ii). I am not in possession of particulars regarding the terms on which banks give advances to industrial concerns.

(a) (iii). No.

(a) (iv). Yes, by the Government of India and Provincial Governments.

(b) Information has been called for and will be placed on the table of the House in due course.

REDUCTION IN THE SALARIES OF MEMBERS OF THE GOVERNOR GENERAL'S EXECUTIVE COUNCIL.

110. ***Mr. C. N. Muthuranga Mudaliar :** Is the Honourable the Finance Member aware that the majority of Ministers in Provinces in India are not in receipt of more than Rs. 500 each as their salary ?

(b) Has he or the Government of India considered the desirability of fixing a reduced salary for members of the Governor General's Executive Council ? If not, why not ?

(c) Are Government prepared to consider the question of reduction of the present enormous salaries at least in the case of Indian Members of the Executive Council ?

The Honourable Sir James Grigg : The question should be addressed to the Honourable the Home Member.

HARDSHIP EXPERIENCED BY THE SALT LICENCEES OF CERTAIN PLACES IN THE MADRAS PRESIDENCY.

111. ***Mr. C. N. Muthuranga Mudaliar :** With reference to my starred question No. 19 asked on the 25th January, 1937, regarding the hardships experienced by the salt licencees of certain places in the Madras Presidency, will the Honourable the Finance Member please state :

- (a) whether the representation referred to has since been received, and if so, what action has been taken thereon ;
- (b) whether Government propose to investigate themselves into the hardships mentioned and do the needful regardless of representations from any particular body of people ; and
- (c) whether they have issued any instructions to the Provincial authorities concerned for the supply to the Government of India periodically of reports, regarding the implementing of the terms of the Gandhi-Irwin agreement in respect of salt, and if so, whether the reports if and when received will be placed on the table of the House or in the Library ?

The Honourable Sir James Grigg : (a) A representation was received direct by the Central Board of Revenue who had the necessary investigations made by the Collector of Salt Revenue, Madras. Most of the complaints turned out to be unfounded.

(b) This has been done.

(c) The answer to the first part of the question is in the negative. The second part does not arise.

UNSTARRED QUESTIONS AND ANSWERS.

MUSLIM OFFICIALS IN GAZETTED RANKS OF THE TELEGRAPH ENGINEERING DEPARTMENT.

9. Dr. Ziauddin Ahmad : (a) Will the Honourable Member in charge of the Department of Industries and Labour be pleased to give the number and percentage of Muslim officials in all Gazetted ranks of Telegraph Engineering Department for India and the total strength of all Gazetted officers in the same Department ?

(b) Is it a fact that on and before January 1st, 1937, not a single Muslim officer has held any of the following Gazetted ranks of the Telegraph Engineering Department for India :

- (1) Chief Engineer ;
- (2) Deputy Chief Engineer ;
- (3) Postmasters General (Engineering Section) ;
- (4) Directors, Telegraphs ;
- (5) Divisional Engineers, Telegraphs ;
- (6) Assistant Engineers, Telegraphs (General) ;
- (7) Assistant Engineers (Phones) ;
- (8) Assistant Engineers, Electrical ;
- (9) Deputy Assistant Engineers (Phones) ;
- (10) Deputy Assistant Engineers, Electrical ; and
- (11) any Gazetted grades of Wires Department ?

(c) If not, will Government give the names of Muslim officers in the above ranks ?

The Honourable Sir Thomas Stewart : (a) The total number of gazetted officers in the Telegraph Engineering Branch is 132 of whom five are Muslims. The percentage of Muslims is 3.79.

(b) The position on the 1st January, 1937, and for the five preceding years is as stated with the exception that one Muslim Officer was holding a Divisional Engineer's charge at the end of 1936. Government regret that the information for earlier years is not readily available and could not be obtained without an expenditure of time and labour which would be incommensurate with the result.

(c) The officer holding the Divisional Engineer's charge was Mr. M. N. Mirza.

APPOINTMENT OF MUSLIMS AS ENGINEERING SUPERVISORS.

10. Dr. Ziauddin Ahmad : (a) Will the Honourable Member in charge of the Department of Industries and Labour be pleased to state the total number of Engineering Supervisors appointed since 1929 (departmental and outsiders) and the number and percentage of Muslim amongst them ?

(b) Do Government propose to reserve 25 per cent. recruitment for Mussalmans as laid down in the Resolution of the Government of India ?

The Honourable Sir Thomas Stewart :

(a) Departmental	35	..	..	Muslims Nil.
Direct recruits	90	..	..	Muslims 6

Percentage of Muslims among direct recruits—6.7 per cent.

(b) The existing rules prescribe that 25 per cent. of the vacancies to be filled by direct recruitment should be reserved for Muslims, provided that they attain the specified minimum standard in the examination. The number actually recruited is less than 25 per cent. owing to the fact that the requisite number of Muslims were unable to qualify in the examination.

APPOINTMENT OF AN OFFICER TO WATCH THE RECRUITMENT OF MUSLIMS AND OTHER MINORITY COMMUNITIES IN THE POSTAL DEPARTMENT.

11. Dr. Ziauddin Ahmad : Will the Honourable Member in charge of the Department of Industries and Labour be pleased to state whether the Postal Department has appointed any officer to watch the recruitment of the Mussalmans and other minority communities to see that the Resolution of the Government of India regarding recruitment of minorities is properly carried out ?

The Honourable Sir Thomas Stewart : The Indian Posts and Telegraphs Department has not appointed any officer exclusively for this purpose. Adequate measures have been taken to ensure that the orders of Government regarding the recruitment of minority communities are adhered to and the appointment of a special officer for the purpose is unnecessary.

PRIMARY EDUCATION IN THE CENTRALLY ADMINISTERED AREAS.

12. Mr. N. M. Joshi : Will the Secretary of the Department of Education, Health and Lands be pleased to state so far as each of the centrally administered areas are concerned :

- (a) the total number of boys and girls in the primary schools ;
- (b) the total population, the total population of school going age of each sex, the total number of villages and the total number of schools ;

(c) whether primary education is either free or compulsory or both and up to what age; and

(d) the latest figure of the total annual cost of primary education to Government?

Mr. M. S. A. Hydari : (a), (b) and (d). A statement giving the required information is laid on the table.

(c) In Delhi, primary education is compulsory and free in six wards out of nine of Delhi City and in nine rural areas comprising sixteen villages. The age of compulsion is 6 to 11.

The Ajmer Municipality is considering the possibility of the introduction of compulsory primary education. In Baluchistan, primary education is free.

Statement.

Province (Centrally administered areas).	Part (a).		Part (b).					Part (d).
	Enrolment in primary schools.		Total population. 1931 census.	Population of school going age.		Total No. of villages.	Total No. of Schools.	* Cost of primary education to Government.
	Boys.	Girls.		Male.	Female.			
								Rs.
Coorg	6,963	3,237	163,327	10,869	8,730	378	129	64,864
Delhi	14,302	7,032	686,246	44,339	33,009	307	418	1,56,596
Ajmer Merwara ..	11,977	3,679	560,292	35,529	31,705	747	407	83,369
Baluchistan	2,218	359	463,508	32,400	23,220	1,425	363	99,696
Civil and Military Station, Bangalore.	5,601	4,363	134,113	8,329	7,764	..	112	84,258
Other Administered areas	6,504	3,743	181,075	12,527	9,632	(a)	131	91,549

(a) Information not available.

* Primary classes are also attached to certain secondary schools. The cost thereof is not included in these figures.

N.B.—The above figures are for the year 1935-36.

SECONDARY AND HIGHER EDUCATION IN THE CENTRALLY ADMINISTERED AREAS.

13. **Mr. N. M. Joshi :** Will the Secretary of the Department of Education, Health and Lands be pleased to state so far as centrally administered areas are concerned :

(a) the total number of secondary schools, the total number of pupils of each sex and the total cost of secondary education to Government ;

(b) the total number of colleges for higher education, the total number of students of each sex and the total cost of higher education to Government ?

Mr. M. S. A. Hydari : (a) and (b). A statement giving the required information is laid on the table.

Statement.

(a) No. of secondary schools	211
No. of male pupils	37,894
No. of female pupils	10,567
Cost to Government	Rs. 10,52,583
(b) No. of colleges for higher education	11
No. of male students	2,797
No. of female students	590
Cost to Government	Rs. 4,67,744

N.B.—The above figures are for the year 1935-36.

TELEGRAPH OFFICE AT GUPTA KASHI, DISTRICT GARHWAL.

14. **Mr. Mohan Lal Saxena :** (a) Will the Honourable Member for Industries and Labour state whether it is a fact that a Telegraph Office was opened at Gupta Kashi, District Garhwal (United Provinces) at the request of the people there? If so, will Government be pleased to state the terms on which it was opened?

(b) Will Government be pleased to state how long did the aforesaid Telegraph Office work and what the total cost of its maintenance was?

(c) When and why was it closed?

(d) Is it a fact that the residents of Gupta Kashi had to pay a certain amount of money to meet the deficit in running the Telegraph Office? If so, how much?

(e) Is any amount still due from the people? If so, how much, and do Government propose to consider the advisability of remitting it?

The Honourable Sir Thomas Stewart : (a) Yes. The Gupta Kashi Branch Post Office was converted into a combined Posts and Telegraph Office with effect from the 5th of May, 1927, at the request of 48 residents of that place who agreed to guarantee a telegraph income of Rs. 2,794 per annum for a period of ten years and to make good the deficit if in any year during the period of guarantee the telegraph income fell short of the amount of guarantee.

(b) The Telegraph Office worked from 5th May, 1927, to 31st January, 1934, and the total cost of maintenance of the office for this period was Rs. 18,846 calculated at the rate of Rs. 2,794 per annum. The amount of guarantee represents the cost of working and maintaining the office.

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(c) It was closed on 1st February, 1934, as the guarantors failed to meet the deficit as stipulated in the guarantee bond.

(d) Yes. The guarantors paid Rs. 5,338-8-0 on account of the deficit for the period from 5th May, 1927, to 31st March, 1930.

(e) Yes. The amount of Rs. 8,314-2-0 is still due from the guarantors for the period from 1st April, 1930, to 31st January, 1934. A representation has been received from the guarantors praying for the remission of the outstanding amount and this is under consideration.

OFFICERS AND STAFF WORKING IN THE BROADCASTING DEPARTMENT.

15. **Mr. Mohan Lal Saksena** : Will the Honourable Member for Industries and Labour be pleased to lay a statement on the table, giving the names, designations, salaries and qualifications of the officers and other staff working in the Broadcasting Department ?

The Honourable Sir Thomas Stewart : The information asked for by the Honourable Member is being collected, and a statement will be laid on the table of the House as soon as possible.

MOTIONS FOR ADJOURNMENT.

CREATION OF THE POST OF DEPUTY SECRETARY IN THE LEGISLATIVE ASSEMBLY DEPARTMENT.

Mr. President (The Honourable Sir Abdur Rahim) : There is an adjournment motion in the name of Mr. S. Satyamurti, for the purpose of considering a definite matter of urgent public importance, viz., the action of the Government in creating a new, costly and unnecessary post of Deputy Secretary in the Legislative Assembly Department, without the consent of the Assembly.

Mr. S. Satyamurti (Madras City : Non-Muhammadan Urban) : I withdraw this motion.

INDO-BRITISH TRADE NEGOTIATIONS.

Mr. President (The Honourable Sir Abdur Rahim) : The next motion for adjournment is also in the name of Mr. S. Satyamurti. He proposes to move that the House be now adjourned to consider a definite matter of urgent public importance, viz., the inordinate delay in the conduct of the Indo-British trade negotiations.

Mr. S. Satyamurti : I do not propose to move it. I withdraw the motion for the reasons I have already mentioned.

EXTRAVAGANCE IN MILITARY OPERATIONS.

Mr. President (The Honourable Sir Abdur Rahim) : The next motion is in the name of Mr. S. Satyamurti. He proposes to move the adjournment of the House to consider a definite matter of urgent public

importance, viz., the extravagance of the Defence Department of the Government of India during this year in military operations.

This motion has been disallowed by the Viceroy on the ground that the motion cannot be moved without detriment to the public interest.

RECOMMENDATIONS OF THE WEDGEWOOD COMMITTEE'S REPORT.

Mr. President (The Honourable Sir Abdur Rahim) : The next motion is in the name of Mr. Satyamurti. He proposes to move the adjournment of the House to consider a definite matter of urgent public importance, viz., the failure of the Government to consult the Assembly before taking steps to implement the recommendations of the Wedgewood Committee's Report.

Mr. S. Satyamurti : I do not move this motion. The Government are giving us a day—the next Friday—for discussing this report.

MR. MUDIE'S ENQUIRY REPORT INTO THE BENGAL NAGPUR RAILWAY AFFAIRS.

Mr. President (The Honourable Sir Abdur Rahim) : The next motion is in the name of Mr. Mohan Lal Saksena. He proposes to move the adjournment of the Assembly to consider a definite matter of urgent public importance, viz., Mr. Mudie's Enquiry Report into the B. N. Railway affairs.

Mr. Mohan Lal Saksena (Lucknow Division : Non-Muhammadan Rural) : I do not propose to move it at this stage.

Some Honourable Members : Why at this stage !

Mr. Bhulabhai J. Desai (Bombay Northern Division : Non-Muhammadan Rural) : May I point out, Sir, that a copy of the Report has been handed to me some time after 11 o'clock today. There is no humour in our being asked to discuss the report today. It has been handed over to me only and to no one else. I am only stating that with a view to anticipate any possible objection which may be raised at a later stage when this adjournment motion might be moved that it is not a matter of recent occurrence. That is the only object with which I am stating this.

Mr. N. M. Joshi (Nominated Non-Official) : May I ask whether this adjournment motion will be taken up tomorrow ?

Mr. President (The Honourable Sir Abdur Rahim) : If this is not moved today, it cannot be taken up later on.

Mr. Mohan Lal Saksena : There is another adjournment motion of mine relating to the same subject later on.

FRONTIER POLICY OF GOVERNMENT.

Mr. President (The Honourable Sir Abdur Rahim) : The next motion stands in the name of Mr. Mohan Lal Saksena who 12 NOON. wishes to discuss the Frontier policy of Government. This has been disallowed by the Governor General on the ground that the motion cannot be moved without detriment to the public interest.

POSITION OF INDIANS IN ZANZIBAR.

Mr. President (The Honourable Sir Abdur Rahim) : The next motion also stands in the name of Mr. Mohan Lal Saksena and relates to the position of Indians in Zanzibar. This has been discussed already and is, therefore, barred.

HUNGER-STRIKE OF POLITICAL PRISONERS IN THE ANDAMANS.

Mr. President (The Honourable Sir Abdur Rahim) : The next motion stands in the name of Mr. Satyamurti who wishes to discuss "the callous attitude of the Government of India in respect of the recent hunger-strike of the political prisoners in the Andamans". Is there any objection to this motion ?

As no objection is taken, it will be taken up at 4 P.M. today.

Mr. S. Satyamurti : Sir, Mr. Mohan Lal Saksena has an identical motion in his name lower down, and I shall be obliged if you will permit him to move it.

Mr. President (The Honourable Sir Abdur Rahim) : He can take part in the discussion. That has not been reached yet.

Mr. S. Satyamurti : I do not think, Sir, the Standing Order is against it.

Mr. President (The Honourable Sir Abdur Rahim) : That motion is not before the House, and I am afraid it cannot be allowed. But Mr. Saksena can speak immediately after the Honourable Member has moved it.

THE INSURANCE BILL.

PRESENTATION OF THE REPORT OF THE SELECT COMMITTEE.

The Honourable Sir Nripendra Sircar (Law Member) : Sir, I beg to present the report of the Select Committee on the Insurance Bill.

Mr. President (The Honourable Sir Abdur Rahim) : I understand it is the desire of the House generally that the rule about the laying of such reports on the table seven days before the discussion takes place should be waived. I shall, therefore, waive that rule as the House considers five days to be quite enough.

Mr. Bhulabhai J. Desai (Bombay Northern Division : Non-Muhammadan Rural) : Sir, in view of this dispensation, may I ask that copies may be made available to us tomorrow ?

The Honourable Sir Nripendra Sircar : It will be the duty of the Legislative Assembly Department, and Mr. Rafi says it will be possible to distribute copies tomorrow.

STATEMENT RE NEW PROCEDURE REGARDING QUESTIONS.

The Honourable Sir Nripendra Sircar (Leader of the House) : Sir, I promised to tell the House what course Government propose to take to

get over the difficulties which are created by questions being addressed to somebody who says it is not his business to answer them. The best course that I can think of, subject to what the Chair rules, is that as soon as we get notice of a question which is addressed to "A" and which according to Government should have been addressed to "B", we should inform either the Honourable Member or the Legislative Assembly Department, preferably the latter, whichever you will direct, at once. So that the result will be that the question will not be put down on the next day for "A" for it has got to appear on the day allotted to "B". We are willing to do anything that the Chair thinks reasonable.

Mr. S. Satyamurti (Madras City : Non-Muhammadan Urban) : Why not transfer it to "B" ? The question has been admitted and sent to the Government. It will save a good deal of time and expense, and also it will be convenient to everybody, if the question is transferred from "A" to "B".

The Honourable Sir Nripendra Sircar : Our only trouble will be,—I am not at all resisting my Honourable friend's suggestion,—what about the Gate ?

Mr. President (The Honourable Sir Abdur Rahim) : In that case it can be done on the same date. If the Department finds that it is clearly a *bona fide* mistake, they can at once make it over to the Department concerned.

The Honourable Sir Nripendra Sircar : I think there will be no objection, but will you allow me to think, to consult my colleagues and tell you later on ?

Mr. President (The Honourable Sir Abdur Rahim) : Very well.

THE TRADE DISPUTES (AMENDMENT) BILL.

Mr. President (The Honourable Sir Abdur Rahim) : The House will now resume discussion on the motion to refer the Bill further to amend the Indian Trade Disputes Act, 1929, to a Select Committee.

Maulvi Abdur Rasheed Chaudhury (Assam : Muhammadan) : Sir, I will resume my speech which I could not finish yesterday. The Bill provides that a set of Conciliatory Officers will be appointed for the purpose of preventing, mediating in or settling trade disputes. It means that a new department will be started. Government will certainly not pay for this department out of their savings from the military budget or from their savings from the police grant or even from savings from the ordinary budget. We have our sad experience in these matters. A few years ago, a department of Boiler Inspectors was started in Assam. We expected that this department would be paid for from the ordinary budget of the province, but as soon as the department was started, Government came forward with an order that all the people in possession of boilers must get a license for using their boilers, and the license has got to be renewed every year and has got to be paid for, no matter whether the boiler is a new one or an old one. Similarly, Sir, when this department will be started, Government under this clause 18-A. (4) will make certain provisions for getting money for the maintenance of this department from the traders and the employees. The traders are already overburdened with

[Maulvi Abdur Rasheed Chaudhury.]

income-tax, super-tax, surcharge and a hundred other things, and it will be a crushing burden on them to be saddled with any more expenses for the maintenance of any new department. Now let us see how this department of conciliating officers will be useful to the trades. It will certainly be a full-fledged department with probably an Inspector-General, a Deputy Inspector-General, an Assistant Inspector-General, Superintendents, Inspectors and subordinate officers. The function of these officers is the combined function of prevention and settlement. We have got our experience of preventive services. The subordinate officers of this department will in no way be better than the preventive officers of other services, e.g., the police, etc. So far as the higher services are concerned, probably it will be a top heavy department as is generally the case with most Government departments. There will be highly paid officers; they will probably be bracketed with all-India services like the Indian Civil Service, the Indian Police Service and so on; in other words, there will be so many privileged officers so to say. We heard a good deal of bunkum about the utility of these privileged services, but, Sir, from our experience we find that everything is hollow. Sir, in our every day life we meet a lot of privileged officers in every part of the country; they are so privileged that they may or may not do any work; to do work is left entirely to their sweet will and pleasure. They can drink the whole day, they can spend their time at home, they may not go to work even once a week; but whatever they do, their promotion is marked, and nobody can question or criticise the action of these privileged officers. Then, Sir, from the very nature of the privilege that nobody can touch their pockets, nobody can do them any harm, their importance dwindles a good deal. They know that whether they do any work or not, they will get their pay all right, because they are privileged classes. Generally, they feel that that privilege has been given to them as a right, and that everything will be protected by the Secretary of State. What does it mean, Sir? It means that these privileged services are incapable of facing an open competition with the other services, that is to say, they are intellectually inferior to the personnel of the other services. That is why they require special protection. We have not seen any officer of this privileged class being able to handle important matters like the trade disputes, strikes and so on. If they put their hands to such things at all, they make a mess of the whole thing. In the tea gardens of Assam we saw a few years ago that Government interference was worse than the interference of European estates; whereas wherever the Government did not interfere, the gardens could manage their affairs very well. Therefore, Sir, I say that we are not in favour of creating any more privileged services. We have had bitter and sad experience. Whenever the Government send their officers to quell disturbances, they fail to achieve the object; instead of quelling the disturbances, these officers coerce the people,—and they are very expert in it. They at once order the police to open fire, whether such action is needed or not; they will at once ask the police to make a lathi charge if anybody does not listen to them. This is only to be expected from them, because they keep themselves aloof from the people of the country; they don't mix with the intelligentsia, and the result is that with what little intelligence they come here, they forget to exercise it. Now, Sir, Aurangzeb wrote to his son a letter saying: "your associates must be

better than you if you want to develop your intellect". Now, what is the position here? Our privileged officers come here; they don't mix with the intelligentsia of the country and they lose a good deal of their intellectual power with which they come. The result is that they fail to understand the weighty questions which they have to handle. This will be the case with the new department also, and I think the House should think ten times before it gives sanction for the creation of a new service like this.

The other aspects of the question have been dealt with by other Honourable Members and especially by Mr. Griffiths very ably, and I need not, therefore, dilate on them. The only relieving feature in this matter is that, so far as this Bill is concerned, not only the representatives of Indian concerns, but also the representatives of European concerns are opposing this measure. They do not like this Bill at all; they want that, not only the Bill, but even the amendment to the Bill must be killed alive. I hope, Sir, the House will take this Bill in this light and see that both the amendment and the Bill are killed at this stage.

Mr. Badri Dutt Pande (Rohilkund and Kumaon Divisions: Non-Muhammadian Rural): Sir, I shall not take much time of the House, but I shall confine myself to only one point in connection with this Bill. Sir, I have my suspicions that this measure will not be required by the provinces for it denies to the weak and down-trodden the God-given gift of strike. According to the new Government of India Act, the Provincial Governments can pass their own laws in regard to labour and factories, and, therefore, why should we impose our will on them by enacting a measure of this kind? The Government of India want to spread their net over the whole atmosphere, and this reactionary body called the Governor General in Council wants to impose its will all over India,—they want to impose their will on every thing there is in the world, in the air, in the sky and all over the whole atmosphere. The provinces will not require this legislation. We do not want to use our power of coercion, but we want to use our powers of persuasion. The Honourable Pandit Govind Ballabh Pant goes down personally, and in a day quells the whole strike at Cawnpore. Now, the officer who will be appointed by the Government of India will go and order lathi charges, or to open fire and coerce the people. It may be all right in centrally administered areas, but I have my own suspicions whether the Provincial Governments will like this measure at all. The provinces are just coming into their own; they have now a popular Government. Here of course there is still the official bloc, but in the provinces the official bloc has disappeared. It is only in the Upper House they have some nominated members in the provinces, and should there be any difference of opinion on any subject, they will settle the matter in a joint session in the provinces. Therefore, I ask why should we impose our will on them. You can pass any legislation you like for the centrally administered areas, but not for the provinces. There they can manage their own affairs, and we should allow them a free hand to manage their own affairs; in fact they are in a better position now than before to manage their own affairs, because they have got a popular Government, and not an autocratic, bureaucratic or I may say a hypocritical Government such as we have in the centre. Therefore, I suggest that the provinces should be given a free hand to manage their own affairs for some time, and they will surely manage their affairs very

[Mr. Badri Dutt Pande.]

economically and on sound lines, instead of imposing our will by a measure like this.

Bhai Parma Nand (West Punjab : Non-Muhammadan) : Sir, I rise to support the principle of this Bill. Trade disputes must have two parties, one the employer and the other the employee and I do not hold any brief for the employer. I look at the question from the standpoint of the country. One difficult question with which we are faced, is how to deal with the poverty of this country. What is this poverty due to ? We have got men who can work ; there are materials for work ; but we lack the means wherewith to work that material. It is the employers that supply the means for the working of the material for the workmen. I quite see that the cause of the employers is somewhat unpopular. I will take the risk upon myself and say a few words to advocate the necessity and usefulness of the capitalists in this country. As I said, the only solution for the removal of poverty in this country is that there should be means to make use of the materials that we possess. The means is supplied by the employers. These employers have got capital, and being capitalists they are not liked by ordinary people. But we have to remember that the question of capital or the question of workers in European countries, is entirely different from the conditions of the country in which we have to live. We have to take the conditions in India as they are. We want means. The means is the industrialisation of this country. The question for us, therefore, is how to develop industries in this country. There is plenty of population and this population is increasing every year, but if we have no industries and no factories to supply work for this increasing population, I think there must be unemployment and consequent poverty and starvation. We cannot solve this problem of starvation and poverty by loud talks or by passing resolutions. The question is who else, but the capitalist, is going to start industries in India, therefore I say, if capital is not forthcoming, if there are no employers, there cannot be any industry in this country. The employer is thus a great benefactor of labour.

My Honourable friend, Mr. Griffiths, spoke on behalf of the European Group—I am very glad to see that he has not only changed his sides but has changed his point of view also. A while ago, he was the staunchest supporter of the Government, but now having got into the service of the European Employers, he has come out to oppose Government. But the mystery to me is how is it that he opposes a measure that serves the purpose of the employers as well as. I should say, the purpose of the workers. The workers must be supplied with work. Without that they cannot have any means to get their living. The employers are the people who supply them with work by starting different kinds of industries. My Honourable friend quoted the example of the bus strike in England and said that the whole country would have been in danger, if such a law existed in England. I just want to tell him that there is a difference between the conditions prevailing in England and those in India. Industries in England and other European countries are fully developed, whereas we are yet in infancy. We are just on the starting point of industries in this country and in the initial stages it is quite easy to kill an infant industry, by means of these strikes, while any number of strikes can do no harm to the most highly developed industries in England or other parts of Europe. Thus, the example of England is utterly irrelevant.

My position is that our chief duty is to develop industries and we have to do so by all sorts of encouragement given to the employers as well as to the workers. It is said that the employers suck the blood of the employees and they want to make money out of their labour. My point is this. Even if these employers do not invest their money with unselfish motive does it do good to the workers or not ? What did they use to do with their money before ? They will hoard all their money, gold, silver or whatever else they had, in their own houses. All that will be lying useless and will not serve any purpose either of their own or of the workers. If they did not hoard, they might use it in making ornaments for their womenfolk. So far, that had been the case. The capitalist was not quite ready or anxious to invest his capital in industry. It is the duty of the Legislature and of all those men who are interested in the good of the country to encourage these capitalists to come forward with their money and invest their hoardings, in the development of industries in this country.

My Honourable friend, Mr. Joshi, who is a great well-wisher of the workers, told us that these strikes did more harm to the labourers than to the employers. If these strikes are really harmful to the workers, then there is all the greater need to stop these strikes before they are even begun and I think, this is the principle of this Bill. The best course for the development of industries in this country is that these strikes should be nipped in the bud. I do not know whether the appointment of a conciliation board or an officer is good or not. That point will be settled in the Select Committee. I have only to say that I am strongly in favour of the principle. My Honourable friend, Maulana Zafar Ali Khan, whom I congratulate on his nice speech in this House, said that the people of this country are worshippers of Mammon, the God of wealth. My Honourable friend himself is an employer. He is the owner of a press, the proprietor of a daily newspaper, he has got a number of workers under him. So like him, everybody in this world, does want wealth, whether he worship it or not. Therefore everybody wants to earn as much as he can.

Prof. N. G. Ranga (Guntur *cum* Nellore : Non-Muhammadan Rural) : But most people are prevented from earning anything.

Bhai Parma Nand : Yes. But that is an entirely different matter. People who are advanced spiritually may not care for it, but so far as the generality is concerned, even the workmen do want wealth, do want bread, and such other comforts as they can get. The Maulana Sahib gave one example. He said that the labourers are getting only four annas a day while the employer gets about Rs. 400 a month or so. I am reminded of a simple illustration to explain this case. It is said, there was a wealthy person. A socialist follower of my friend, Prof. Ranga, went to him and told him : " You have so much money. Why don't you divide your wealth, and share it with me ". As he was arguing his case on a communistic basis, the richman called one of his men and told him to bring a rupee and give it to the fellow. The man was not satisfied with the rupee. He protested against this saying that he must have half or one-third of the whole property. Upon this the rich man asked the fellow to come near and whispered to him : " Don't make so much noise. If other people hear this, a big crowd will gather and each will ask for a share so in the end you will not get even this rupee which I am giving you ". It is very easy to say that the capitalist has so much money and is making so much profit. Supposing he does not invest it in the factory, what will the workers do. They

[Bhai Parma Nand.]

will be starving and they won't get even the four annas or eight annas which they are getting now. So, the man who invests money in factories is really a great benefactor of the poor and the starving.

The conditions in India are very different from those prevailing in Japan and other countries, where industries are highly developed. In India, there is so much unemployment that it is absurd to say that the capitalists are blood suckers and that they are setting up factories to make money for themselves. When communism comes, we will then see. We do not know when it will come. It may be 100 years or fifty years after this or earlier if my friend, Prof. Ranga, succeeds in his object, but taking our conditions as they are, these people can only get some thing to live upon if the employers invest their money in industry. Let me take a concrete case. Three years ago, certain people subscribed say about 15 lakhs and started a weaving factory in Okara in the Punjab. They bought the land, the machinery, put up buildings. All this took time. It is only six months since the factory has begun to work. There are 3,000 or more workers in that factory. Now, my question is—what were these 3,000 workers doing before the factory was started. They were only earning a pittance and now they are getting eight or ten annas a day. The capitalists who have invested so much money have not got a penny in return, and yet the labourers for days remained on strike on the ground that their wages should be increased. Why did these fellows join the factory at all? If the factory owners get lot of profit and lot of dividend and the wages are kept low, the workers in that case could put forth their claims and demand higher wages; but the factory had just started work and the share-holders had suffered and gained nothing, yet these fellows strike work and say that their wages should be increased! Some of the followers of Prof. Ranga ran to Okara and encouraged the strike. Of course, one is inclined to suspect their motives. The strike went on for a week or ten days. There was a loss of Rs. 20,000 or Rs. 40,000 to the factory. There was a compromise. The wages had to be increased. Some of them began to play mischief again and their case was referred to the police, I don't know what further has happened.

In my opinion, Sir, these strikes are a sort of disease and epidemic and surely the Government is taking a right step in this state of affairs for the protection of industry and thus for the removal of poverty and unemployment. Some of my friends over there talk of the Bombay and the Ahmedabad Millowners. I do not care whether the workers in Bombay or Ahmedabad have recourse to strikes: The employers there must have made large profits. I have no interest in these places. Bombay and Ahmedabad do not make the whole country. My point is this, that for the good of the country and its teeming millions, it is essential that these factories must develop all over the country and this contagion of strikes should be stopped as far as possible by legislation, on these grounds I give my whole-hearted support to the principle of the Bill.

Mr. Kuladhar Chaliha (Assam Valley : Non-Muhammadan) : I have heard the point of view of Prof. Ranga. I have heard the view of Mr. Griffiths on behalf of the great European capitalists and we have also heard the views of great rds like Mr. Chaudhury and we have

heard the views of the Hindu Mahasabha leader, but we have not yet heard the peasant's point of view which I am going to put forward. I was almost going to oppose the Bill after hearing Mr. Ranga but when I heard Mr. Griffiths, who a little while ago was the great apostle of executive infallibility and now the high priest of democracy pleading for protection from people who are in charge of law and order, my suspicion was that there must be something good in this Bill, otherwise the European capitalists would never have opposed it. So, I can neither support Mr. Ranga nor Mr. Griffiths. I take a *via media* and that is that this Bill has certain points which must be supported, not from the point of view of Bhai Parma Nand who said that the workers are a bad lot and they strike and strike in order to give trouble to the capitalists. Now, the capitalists start the industries not for the sake of the industries but for the love of money. They want to make more and more money and that is the reason why they go to develop different countries on the alleged ground that they are going to bring industrial improvement to that part of the country. As a matter of fact they do not do that for any philanthropic purpose, but they do so in order to enrich themselves. That is their unholy object, they really try to develop their own investments and try to get out as much money from the hard-worked peasants and workers in the different parts of the country. Sir, I have certain objections to the provisions of the Bill. There is a new provision going to be added in section 2 (j) to settle disputes between employers and employers. Now I can only imagine that a dispute between employers and employers will be like this. One body of employers will probably offer higher wages in order to take workers away from another, but if this provision is embodied here, the resultant effect would be that the workers would not be able to bid for higher wages because Government will intervene most likely in favour of the employers. Now this intervention is a dangerous one and I think the workers will thereby not be able to get their proper wages for their labour. In some parts of Assam the Tea Associations have already got such an organization, a ring by means of which they do not enhance wages as between the members themselves. I think, therefore, that the proposed addition, though apparently harmless, should not be embodied as it will only have the effect of keeping down wages. As regards clause 18-A, if the conciliation officers are selected from amongst men who are judicially trained, there may be something, but if these officers are appointed from the members of the heaven-born Civil Service who consider themselves to be infallible, I am afraid these latter will have more leanings towards their capitalist brethren, because from our point of view they themselves are capitalists as some of them get as much as Rs. 3,000 a month and over. As such, therefore, they are more of the capitalist class than of the peasants which I represent. My submission, therefore, is, that such men should never be selected as conciliation officers, but that there should be an advisory committee representing both the employees and employers. If conciliation officers are to be appointed at all, they should be advised by a suitable advisory body representing labourers as well as employers. My idea is that instead of clause 18 providing for the appointment of conciliation officers, we should have one committee on which there should be one member appointed by the Government, another selected by the employers and a third selected by the labourers. If you have such a committee, probably that will conduce towards the smoother working of

[Mr. Kuladhar Chaliha.]

the machinery for the settlement of disputes. I have some fears that in the event of labour strikes on, say, tea gardens in Assam, if their settlement is left alone to the suggested officers, the resultant effect will be very hard upon the workers. I, therefore, think some alteration should be made in clause 18 in the Select Committee and if that is done, it will be a real improvement on the Bill. Coming now to my friend, Mr. Griffiths, if the Governments continued to be run as before by the Civilians, I think my friend would not have objected to the officers being appointed by the Government, but he having come down a little now and finding that there are likely to be Congress ministries, he is suspicious of their motives and, therefore, he becomes an advocate of democracy. He has not, I think a holy motive. Sir, a gentleman who was previously in charge of Mymensingh and Midnapore and was the author of so much misery to scores of our young men now comes forward with this new plea. He thinks that the people in charge of law and order would not be impartial! (Laughter.) Probably he has realized himself how much wrong he has himself done. Apart from it, I submit that this Bill does not go far enough so as to commend itself to us though I will not go so far as my friend, Bhai Parma Nand. I suggest that some such amendments as I have suggested should be made in the Select Committee. With these words, I support the motion.

Mr. Ram Narayan Singh (Chota Nagpur Division : Non-Muhamadan) : Sir, I welcome this measure. But I must not be understood to mean that I like this measure or that I expect any good out of it. Sir, I deliberately say this. Times without number on the floor of this House and outside, it has been declared that the Trades Disputes Act is a dead letter. I know how and when the measure was enacted. It was passed on the 8th April, 1929, the day made memorable by bomb thrown in the Assembly Chamber by the late Mr. Bhagat Singh. So far as I know, the Government would not have passed this Bill but at the time there was a Labour Government in England. It was under the inspiration of the Labour Government that the measure was passed and, after this Bill was passed, people in this country and especially the labour organizations expected a lot of good from this enactment. But, Sir, after that, we got nothing out of this. There were hundreds of strikes throughout the country since then. Millions of people have suffered but we heard nothing about conciliation boards nor of courts of inquiry. Just after the measure was passed, there was a serious tin-plate strike at Golmuri near Jamshedpur in my province of Bihar. Babu Rajendra Prasad was there, Mr. Subhas Chandra Bose was there, the representatives of workers were there and people were asking for conciliation boards and courts of inquiry, but nothing came out. The result was that hundreds of people were thrown out of employment and that for all time to come. The Royal Commission on Labour has described this Trades Disputes Act as a heavy artillery but this heavy artillery was never used for the good of anybody in this country. After this measure was passed, we expected that labour all over the country would be organized. My constituency, Chota Nagpur, is almost wholly an industrial area. You have got mica industry, coal industry, iron industry and so on and so forth. Millions of labourers work in that area and we have got labour organisations only at Jamshedpur and at Jharia. In other places when people try to organise themselves, we meet with opposition from

the employers and when the matter is brought to the notice of the authority, no attention is paid to it. At the same time, I have got the information that, notwithstanding oppositions but with great efforts when any labour organisation has been formed in any part of my constituency, the Government has not recognised the union. So, as I said before, I welcome the measure not because I expect any good will come out of it but because I feel that the Trade Disputes Act is still alive or at least is re-born. If Government pass any measure, they must do it with some honest purpose. They must carry it out in administration for the good of the people for whom it is intended. But, so far as the Trade Disputes Act is concerned, I think I am right in saying that it has almost never been administered. There have been so many strikes and we have heard of conciliation boards or courts of inquiry only twice or thrice. If this measure is going to be passed and I think it will be passed, Government must take note of the fact that the labour is organised and the measure is administered for the good of the labour.

Sir, I have no more to add at present but before I resume my seat I must congratulate my newly changed friend, Mr. Griffiths, on the wisdom that has recently dawned upon him and I ask the Government to take note of his speech and draw a good lesson from it. The lesson ought to be this that the Government have got so many servants in this country and have also got allies, but all these Government servants and allies of the Government are serving the Government only out of fear or for the sake of gain. If the fear is removed and if they are out of employment, they will be against the Government. That is why I say that the Government should take note of the speech of Mr. Griffiths and must learn a lesson from his attitude and behaviour. Instead of depending upon their allies and upon their servants, they should come to terms with the Congress and they should be guided by the advice of the Congress leaders.

The Honourable Sir Thomas Stewart (Member for Industries and Labour) : Sir, in rising to reply to this debate, I should like to express my appreciation of the spirit in which it has been conducted. I should also like to express my appreciation of the fact that so many of the new Members of this House have shown their interest in a most important subject by making their first contributions to the debates of this House on this Bill. The debate has followed very much the course that might have been anticipated. As in October last, and as in the opinions that were received as the result of circulation, discussion has again concentrated itself in the main on clauses 8 and 11. Certain other clauses have been referred to ; in particular the clause which proposes to extend the definition of a public utility company. Now, whatever may be our views as to the question whether public utility companies should be the subject of special treatment or not, I think all will really agree that the criterion by which to judge a public utility company is not the ownership of its shares but the usefulness it has towards the public. Mr. Chaliha, I think was under a misapprehension when he thought that classification as a trade dispute of a dispute between employers was likely to affect the workmen. I could not follow his argument. But the object of that extension is that it should be possible when there are disputes between employers which affect their workmen that the workmen should have a remedy. It is also to be noticed that it is not any dispute between employers which brings it within the definition but only those relating to the conditions of employment of workmen.

[Sir Thomas Stewart.]

To turn to clause 8. Mr. Ranga expressed the suspicion that the new section 16 had been introduced in order to undermine the trade union movement in India. I should be glad if he would accept my assurance that there was nothing further from our minds. The Government of India as much as Mr. Ranga are well aware that perhaps the best guarantee against senseless and wasteful trade disputes lies in the establishment of a healthy trade union system in this country. Several speakers have attacked the new section 16 on the ground that it was aimed at the workmen's right to strike. Now, I have read and re-read this section 16 and I can find no warrant for that accusation. But I have gone further than reading section 16. I have read section 17 and in the proviso to section 17 it is clearly stated that mere abstention from work or refusal to work on the part of a workman will not constitute an offence. Another criticism is that this new section could be applied to any strike. That I am not prepared to admit. Those who make that allegation have neglected entirely the conditions attached.

Mr. N. M. Joshi (Nominated Non-Official) : What are they ?

The Honourable Sir Thomas Stewart : The conditions are that the strike must be one which has caused, is causing or is likely to cause serious and prolonged injury or hardship to the community or any section thereof or to any class or employers or workers. Mr. Joshi and others may wish to say that these conditions are of no value. Ultimately, the authority who is going to decide on their value is not the executive ; it is a Magistrate who will impose the punishment when the offence has been committed. I would remind the Honourable Members that conditions not unlike those were in issue in the famous Bombay case which has rendered nugatory, or practically so, the old section 16 and which has made it necessary to put forward something else. I quote that instance in order to show that the power remains not with the executive and that the Courts can intervene and have successfully intervened in the interests of the workers.

My Honourable friend, Mr. Griffiths, representing the legal purists

1 P.M. raised two objections, to which I would refer. He complained that by this clause we were introducing a new and vicious principle, namely, that of the creation of an offence by executive order. I wonder if Mr. Griffiths, in so short a time, has forgotten the existence of section 144 of the Criminal Procedure Code. This section has been employed frequently in labour disputes without, so far as I am aware, any protest from the Group which he represents. He has also said that it is an obnoxious feature of the section that the authority who was responsible for law and order should also be the authority who issues the notification under this section. I can find no warrant for that statement. The officer responsible for law and order is the magistrate on the spot. The authority to issue these notifications is the Provincial Government. In the course of the discussion on this section the argument has been put forward that matters would be very much improved were it made incumbent upon the Provincial Government to order a court of enquiry or a board of conciliation on the application of any party to the dispute. That is an issue, I think, which was considered by the Royal Commission who definitely recommended that it was unnecessary, and would be inconvenient even to have such a provision of law. The Government of

India see no reason yet to reject that recommendation. But they realise with Mr. Joshi and with Mr. Gadgil that it is possible that there might be an intermediate stage between the start of a dispute and its reaching the point where open rupture was imminent and where it might be desirable to appoint a Conciliation Board or a Court of Enquiry. It is in recognition of that fact that we have put forward the proposals for Conciliation Officers. I was surprised to hear from Prof. Ranga that the Bombay experiment had been a failure. My information is to the contrary ; my information, perhaps, may be a little more accurate.

Prof. N. G. Ranga : Question.

The Honourable Sir Thomas Stewart : The Honourable Member may question. Let me defend my position by saying that Conciliation Officers in Bombay are not as Prof. Ranga suggested I. C. S. officers. The two gentlemen who are now employed on that work are neither of them an I. C. S. officer. While we are on the subject of personnel, I can see no reason why it should have been assumed, as it was assumed by one speaker, that our new clause was designed to create a new service which the Central Government propose to fill with their own minions. There is no such suggestion at all. A reading of the new section will make it clear that the discretion in regard to the appointment of officers, how many and who they may be, rests entirely with the Provincial Governments in respect of Industries with which they are concerned. An alternative proposal has been put forward that instead of our Conciliation Officers, we should have Whitley Councils. Well, it is perfectly true that they have been successful elsewhere, but the use of the Whitley Council is by no means as widespread as is sometimes assumed and in any case for its proper operation it demands an equality on the two sides. As against your employer's representatives, you must have something in the nature of highly developed trade unionism. So highly developed a form, I feel, does not exist in India today.

Prof. N. G. Ranga : Why not have trade boards as in England ?

The Honourable Sir Thomas Stewart : I am afraid they are not directly for the purpose of trade disputes. They are rather for the purpose of looking after the general interests of labour in ill-organized industries. A final criticism of the new clause 11 comes again from Mr. Griffiths. He complains that it is too vague. I might go a certain distance with him, but I cannot agree that its vagueness is incapable of being cured and I cannot understand that this is any sufficient reason why he or his Group should refuse to support a motion for reference to the Select Committee.

In conclusion, I suggest, that this is a Bill that should be viewed in its proper perspective, that Honourable Members should look at the picture as a whole and should not concentrate their attention on those particular portions which are distasteful to themselves. In the solution of all disputes, be they trade disputes or others, some give and take is necessary and if Members of the Select Committee, if, as I hope, this Bill goes there, will exercise that spirit of give and take, I feel certain that the discussions in Select Committee will result in a valuable step forward towards industrial peace. (Hear, hear.)

Prof. N. G. Ranga : I should like to have a point of information. Would he tell us what is the answer to the assurance that we asked the

[Prof. N. G. Ranga.]

Government that the Select Committee should not meet this year but should meet only early in 1938.

The Honourable Sir Thomas Stewart : I regret the omission. I had intended to say that in asking the Select Committee to meet Government would give the fullest consideration to the wishes and convenience of all parties.

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

"That the Bill further to amend the Trade Disputes Act, 1929, for certain purposes be referred to a Select Committee consisting of Mr. S. N. Roy, Khan Bahadur Sir Abdul Hamid, Mr. C. B. Nagarkar, Mr. N. M. Joshi, Mr. A. Aikman, Babu Baljnath Bajoria, Sir H. P. Medy, Mr. H. A. Sathar H. Essak Sait, Mr. Lalchand Navairai, Prof. N. G. Ranga, Mr. N. V. Gadgil, Mr. Mohan Lal Saksena, Mr. B. Das, and the Mover, and that the number of Members whose presence shall be necessary to constitute a meeting of the Committee shall be five."

The motion was adopted.

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

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

THE INDIAN COMPANIES (AMENDMENT) BILL.

The Honourable Sir Nripendra Sircar (Law Member) : Sir, I beg to move :

"That the Bill further to amend the Indian Companies Act, 1913, for certain purposes be taken into consideration."

Sir, I shall be very brief, because the Bill is non-controversial and particularly because I have agreed, for reasons to be explained by me at once, I shall accept a Select Committee, a suggestion which was made by my Honourable friend, the Leader of the Opposition. The origin of the Bill is this. It is not intended by this Bill to reopen any controversial matter which has been disposed of one way or the other by the House. Honourable Members who were here during the discussion on the Companies Bill will remember that I was given a warning by Sir Leslie Hudson of the European Group that by persisting in my effort to make one of the Articles compulsorily applicable we were making business impossible. I did not accept that situation. Matters are going on very smoothly and all the theoretical fears which were raised up before the House by Sir Leslie Hudson have not materialised. It is not intended that any of such questions will be discussed. But what happened was this. I may for the benefit of those who were not here tell the House that by the amendment of the law we changed the law of limitation applicable to misfeasance proceedings against directors, managing agents and so on. Formerly the law was that the period of three years will run from the date of the misfeasance or the date on which the dishonesty or breach of trust occurred. The House was convinced that as a matter of fact in many cases the act cannot be discovered until a liquidator had been appointed, and,

therefore, they changed the law, and extended the period within which an application can be made against people occupying fiduciary positions. That has been the result of the amendment. Now it was not the intention of this House that we should give retrospective effect to that amendment, that is to say, that claims which have already become barred should revive by reason of what we have done. As a matter of fact, I still contend that retrospective effect ought not to be given on the construction of this section which has been passed by this House. But, as Honourable Members are well aware, questions are very often raised and argued at length that as this is adjective law, the law of procedure, therefore, retrospective effect should be given. I wanted to bring this Bill before you, Sir, for making it perfectly clear that it was not the intention of the House to give retrospective effect to that section. I consulted all the High Courts personally by writing officially to them; and while two of the High Courts say that they are quite prepared to hold that this is unnecessary, that is to say, those High Courts will hold that this section has no retrospective effect, yet all of them have approved or agreed to Government making it perfectly clear that it has no retrospective effect, so that this question may not be debated in the Courts.

Now, Sir, the other matters are too trivial to be mentioned here just now because, as I have told the House, I have agreed to accept Mr. Ayyangar's amendment for a Select Committee. But I should explain why in a non-controversial measure I have agreed to this course. The reason is this. While it is true that our intention is to remove only the mistakes inadvertently made or accidental slips or things of that kind as pointed out in the Bill, it was brought to my notice by my Honourable friend, Mr. Desai, that he has come across one or two more accidental slips or inadvertent mistakes which we have not yet noticed and which ought to be included in the Bill. A matter of that kind really ought to be placed before a small Select Committee so that we can find out exactly what those points are. I desire to make it clear that although technically an objection can be taken that having regard to the Preamble that this Bill has been introduced for certain purposes, therefore, sections not mentioned in this Bill cannot be touched upon by the House and so on, I do not desire to take such a technical objection if other non-controversial matters and accidental slips are discovered through the help of my Honourable friend there and other Members of the Select Committee. To any controversial matters, I shall take all possible objections. As I shall accept the Select Committee motion I do not think I should take up more of your time.

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

"That the Bill further to amend the Indian Companies Act, 1913, for certain purposes be taken into consideration."

Mr. M. Ananthasayanam Ayyangar (Madras ceded Districts and Chittoor : Non-Muhammadan Rural) : Sir, I beg to move :

"That the Bill be referred to a Select Committee consisting of the Honourable Sir N. N. Sircar, Mr. S. C. Sen, Mr. S. K. Som, Mr. Aikman, Mr. Siddique Ali Khan, Mr. Azhar Ali, Mr. Desai, Sir M. Yamin Khan and the Mover, with instructions to report by the 20th September, 1937, and that the number of members whose presence shall be necessary to constitute a meeting of the committee shall be five."

Sir, as already explained by the Leader of the House, it is with a view to correct some accidental omissions and errors that have crept in

[Mr. M. Ananthasayanam Ayyangar.]

and some consequential amendments that have to be made that this Bill has been introduced. In the long time which we took over that Bill the House was naturally anxious to push through that Bill and some of these things were ignored. Not only those mistakes which have been referred to by the Leader of the House and have come to his knowledge but some other errors and omissions also may have to be corrected. The object of referring it to a Select Committee is to avoid once again those mistakes and to make the Act complete, and not with any controversial purpose in view. Sir, I move.

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

“ That the Bill be referred to a Select Committee consisting of the Honourable Sir N. N. Sircar, Mr. S. C. Sen, Mr. S. K. Som, Mr. Aikman, Mr. Siddique Ali Khan, Mr. Azhar Ali, Mr. Desai, Sir M. Yamin Khan and the Mover, with instructions to report by the 20th September, 1937, and that the number of members whose presence shall be necessary to constitute a meeting of the committee shall be five.”

The motion was adopted.

THE PETROLEUM (BERAR EXTENSION) BILL.

The Honourable Sir Thomas Stewart (Member for Industries and Labour) : Sir, I beg to move :

“ That the Bill to extend the Petroleum Act, 1934, to Berar, be taken into consideration.”

This, Sir, is a very simple matter. Up to the end of March of this year, the regulation of matters connected with the sale and production of petroleum was governed by an Act dating back to 1899. In 1934 an improved Act was passed, which was brought into operation in British India on the 30th March, 1937. Unfortunately, it was not, by the Indian Foreign Jurisdiction Order in Council 1902, extended to Berar, so that the position at the present moment is that, whereas in the rest of India an up to date Act is functioning, in Berar the measure of 1899 is still in operation. The object of this Bill, Sir, is to secure complete uniformity. With these words, Sir, I move.

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

“ That the Bill to extend the Petroleum Act, 1934, to Berar, be taken into consideration.”

The motion was adopted.

Clauses 1 to 3 were added to the Bill.

The Title and the Preamble were added to the Bill.

The Honourable Sir Thomas Stewart : Sir, I move that the Bill be passed.

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

“ That the Bill be passed.”

The motion was adopted.

THE RULES AND REGULATIONS CONTINUANCE BILL.

The Honourable Sir Thomas Stewart (Member for Industries and Labour) : Sir, I beg to move :

“ That the Bill to provide for the continuance in force of certain rules and regulations be taken into consideration.”

The origin of this Bill is as follows. It results from the institution of Provincial Autonomy when certain subjects including the regulation of the Electricity Act and the Boilers Act have passed from the Centre to the Provinces. As a result of a consultation between representatives of the Government of India and representatives of the various Provinces at the last Industries Conference at Lucknow, it was decided that the best way of carrying out this transfer was to transfer from the Governor General in Council to a Central Board the rule-making powers that up to the present had been enjoyed by him under the Act. This transfer was duly carried out by amendments of the Electricity Act and of the Boilers Act which were passed in the last Session of this Assembly. A point of doubt has, however, arisen that though this transfer has been carried out, whether rules framed by the Governor General in Council in the past continue to be valid after the transfer of the rule-making power has been effected. In order to avoid any question being raised on this doubt, this Bill has been brought forward in order to keep in existence the rules formerly made by the Governor General in Council as if they had been framed by the Central Board as from the 1st of April, 1937. The object is to preserve the continuity of a very large code of rules, the absence of which would make the working of those Acts impossible. Sir, I move.

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

“ That the Bill to provide for the continuance in force of certain rules and regulations be taken into consideration.”

Mr. B. Das (Orissa Division : Non-Muhammadan) : Sir, I find that there is something wrong with the Government, because they hastily come to this House to pass measures without understanding the implication of those measures. When we were absent in the last Session on the floor of the House, the Government were advised, as we understood from the Honourable the Member for Industries just now, at the instance of the Lucknow Industrial Conference, to amend the Indian Electricity Act as also the Boilers Act. Even in our absence it was sent to the Select Committee, and the Select Committee also could not see the present doubts which have now occurred to the Honourable the Industries Member. Nor has my friend made the point clear as to who has raised this doubt, whether it has been raised by any High Courts or any other legal advisers or by the technical advisers of the Provincial Governments or of the Government of India. Sir, to my mind, this Bill is not necessary, nor was the Indian Electricity Act as amended last Session. Because it had been dealt with without securing the necessary technical advice from the industrial and commercial section of the people of the country. Sir, I have been myself interested in the administration of the Indian Electricity Act, and I shall, therefore, confine myself specifically to the Indian Electricity Act to illustrate how Government, in indecent hurry, constituted a Central Board of Electricity which would be of no practical utility to the country. It is true that representatives of various

[Mr. B. Das.]

Governments met at Lucknow in conference, but were the representatives of Provincial Governments properly advised by technical men? Did the Government of India consult their electrical experts? Of course, since the abolition of the post of Electrical Adviser to the Government of India, we know that when points relating to electricity are raised they consult the Chief Controller of Stores of the Indian Stores Department. Sir, they have constituted a Central Electricity Board where each Provincial Government will send in a representative and the Government of India will have some representatives. Will they be technical men? Will they have a necessary knowledge of the administration of the Indian Electricity Act? I may be told later on that the Provincial Governments may send in their Electrical Inspectors. I know that many Provincial Governments have not got Electrical Inspectors. I know my own Province, Orissa, has nominated an I. C. S. to represent on this Central Electricity Board. My Honourable friend is an I. C. S. He may say that an I. C. S. is a *sub jantawalla*, he knows everything and so he can advise the Board on the proper administration and the proper framing of the Indian Electricity Rules. I cannot understand how ten Indian Civil Service men coming from ten Provinces can form a Central Electricity Board to look after the proper carrying out of the electric trade or the efficient management of public utility concerns such as electric supply companies. I should have preferred the Government of India to have consulted commercial bodies, the Chambers of Commerce, electricity companies, hydro-electric companies, to find out what difficulties are experienced in the administration of the Indian Electricity Act, and not those Electrical Inspectors who sitting on their chairs pass orders. The Honourable Member himself was on a holiday at the time and he then belonged to another sphere of activity, namely, the Commerce Department, but I cannot understand why the Industries Department was in such an indecent hurry to form this Electricity Board, a Board which will never be a technical board and where neither the representatives of the electric trade and electrical manufacturers nor the electrical industries, such as, electric supply companies, will find representation.

Prof. N. G. Ranga (Guntur *cum* Nellore : Non-Muhammadan Rural) : What about labour?

Mr. B. Das : The I. C. S. will come in through the backdoor as they have come in in other spheres. I would advise the Honourable Member, not with a spirit of criticism or opposition, to withdraw this Bill. Let him examine the whole problem and bring out a comprehensive Bill. If the Department of Industries was in that indecent hurry, why did they not notice even this little flaw? There may be others also. Let the Government of India address a letter to electric supply companies, to the various Chambers of Commerce, and to representatives of big manufacturing concerns that are functioning in India as suppliers of electrical machineries. Speaking as an electrical engineer with a large experience of the administration of the Electricity Act, I may say that this Central Electricity Board will not do any good work at all. If there are Electrical Inspectors they will try to frame rules from no experience at all, by sitting on chairs and copying from the Board of

Trade's rules in England, and the I. C. S. representatives that come from the Provinces will have no knowledge and will say ditto to what the Chairman, who will no doubt be a representative of the Government of India, will tell them. I am at one with the Honourable Member that we should devise a proper Central Electricity Board so that it will do good to the electrical trade, electrical industries in India. How can it be done when the members of the Board have no experience in the management of electric supply concerns or in the difficulties that the public suffer as customers or as users of electricity in their homes?

I have not so much experience in the administration of the Boilers Act as I have in that of electricity, but I can say this much. It is the businessman, it is the industrialist that uses these boilers, that is vitally concerned. It is no use the Boilers Inspector of every Province gathering together and I do not think the Central Government have got any Engineer either in the Stores Department or in the railways who is an expert in boiler affairs. Of course, they will manufacture one as the Chairman of the Central Boiler Board. I would suggest the same criticism to this aspect as I applied to the Electricity Board—that Government ought to invite representatives of the boiler manufacturers who are represented in India. My Honourable friend may remember that I am not making any criticism because I am a Congressman or that I am an Indian. Most of the boiler manufacturers that carry on trade in India are British manufacturers. They have more experience than the Boiler Inspectors in the Provinces. No doubt, I want the Boiler Inspectors to be there to represent the point of view of public safety—to see that a minimum standard of safety is secured; but, at the same time, I want the manufacturers' representatives to be there. Not only that, but I want representatives of the users of those boilers, those millowners, those industrialists who use most of the boilers, to be there. I think that Government use very few boilers in their own industrial undertakings. This is a technical subject. This House pays very little attention when technical subjects are discussed. Otherwise, in our absence, in the absence of Congressmen the House would not have gone to a Select Committee and passed such an Act which the Honourable Member has admitted is not complete. He has now come with a new Bill, and who knows that in the next Session he will not come with another one. It will be fair to this House and fair to the reputation of the Honourable Member for Industries and his Department if he withdraws this Bill and examines the whole issue in the light of the criticism offered. I may remind him that no criticism was offered in the last Session when those two Bills were brought before the House, and I may ask him to bring in a Bill which will have got the approval not only of the Provincial Governments but of the industries concerned and also the manufacturers that supply these industries. In that way my Honourable friend will do some real good to the electrical trade and to the public by safeguarding the interests of the public in the matter of the administration of the Indian Electricity Act and the Indian Boilers Act. Otherwise, these laymen will make laws, by-laws and rules in future which will have no bearing on the actual conditions of working. With these words, I again commend my suggestion to the Honourable Member for Industries that he should withdraw this Bill and examine the whole question in the light of the observations that I have brought to his notice.

Prof. N. G. Ranga : It is typical of this Government that it should try to get as many of these things as possible done and passed here on the sly. As my Honourable friend,

3 P.M.
Mr. Das, has said, last time when that Bill was introduced there was practically no discussion in the House, and even this time my Honourable friend, Sir Thomas Stewart, has not really taken us into his confidence and given us any useful information about the functions of this particular Central Electricity Board. I am grateful to my Honourable friend, Mr. Das, for having enlightened us to some extent at least about the working of the Central Electricity Board and how it has come to be constituted. I take it in making these rules it is the duty of the Central Electricity Board to try to protect the interests of labour who would be employed in electrical undertakings and also in working the boilers in India. But I want to know how the interests of workers are sought to be protected on this Central Electricity Board. I do not know whether labour was consulted at all at the time when the Industries Conference was being held at Lucknow and proposals were being formulated for the constitution of this Central Electricity Board. I would also like to know whether labour is represented on the Central Electricity Board. I take it, Sir, that the advisability or otherwise of introducing this Bill in this House. If so, I would like to know, and I am sure the House would also like to know what their opinion is. I think it is only fair even to the Central Electricity Board that it should be given an opportunity of reviewing all these rules that have either been codified or not codified, so that they would be in a position to see which of them can be allowed to be continued and which would be dropped. It is really unfair to the House that the Mover of this Bill should have made such a short speech on the plea that he wanted to be as brief as possible in order to save the time of the House and thus avoided giving us really essential and useful information that is needed to guide the House as to whether this Bill is really needed or not. Subject to the explanation that my Honourable friend, the Mover, may give, I am rather inclined to support of my friend, Mr. B. Das, that this Bill should not be rushed through in such unholy haste and that he should give himself and the House the benefit of further guidance and advice from the Central Board, as well as the various interests concerned, that is the producers, the consumers and the workers especially.

Mr. Muhammad Azhar Ali (Lucknow and Fyzabad Divisions : Muhammadan Rural) : We were unaware of the contents and objects of this Bill, because as laymen we did not know that the electricity rules and boilers rules were all reconsidered by the Government of India under this Act. From what we have heard from our friend Mr. B. Das, I think it is right that we should invite opinions from the bodies responsible, that have control over the electrical concerns over the whole of the country. I think it is a very wise suggestion. So far as the rules are concerned, I find from the papers, and I have also some experience of this in my own province, that the rules are so very strict and the charges have gone so high that people have been protesting against them. If this Board is to control these things and if the rules have to be made, I think it is a very good suggestion that the country at large should be consulted. I commend Mr. Das' remarks to the Honourable Member in charge of the Bill.

Mr. M. Ananthasayanam Ayyangar (Madras ceded Districts and Chittoor : Non-Muhammadan Rural) : I had given notice of a motion to

refer this Bill to a Select Committee but on further consideration I find that this Bill has to be thrown out. When we were absent, two Bills were passed. The object of those Bills was solely to substitute the authority of the Governor General in Council in both the Electricity and the Boilers Acts by a body which they wanted to bring into existence, a body of laymen with absolutely no expert knowledge. We have been accustomed to the Government depriving the powers of this Assembly by various devices. So far as the Railways are concerned, statutory Railway Authority is to be created. So far as banking is concerned, a Reserve Bank was created and so far as the Electricity and Boilers Acts are concerned, the right to frame rules and regulations was transferred to a Central Board. That is the only object of the amending Act of 1937, XI of 1937. This Act was rushed through in our absence. I would ask the Government to explain if in future we would have the power to criticise the rules framed by the Central Board which is constituted under either of the amending Acts. That power has been taken away from the jurisdiction of the Assembly. We will have no more power to criticise those rules and regulations. If this were in the hands of the Governor General in Council it would have been open to us to criticise them. As far as I am aware this matter was not placed before the advisory committee constituted for the Industries and Labour Department. We have not been taken into confidence by the department as to what the constitution of the Board is going to be, how it is going to be filled and so on. The Bills were rushed through in our absence. Now, the Government come to seek the aid of this House for continuing the old regulations. If really this House is willing that the Central Board should function in place of the Governor General in Council, we will have no more effective control over the rules and regulations to be made under the Electricity and Boilers Acts. If the House is not in favour of this course, then the only course open to it is to turn down this Bill and make the amending Acts a dead letter. If we refuse to pass these rules and regulations that have been framed by the Governor General in Council and without which this Central Board cannot function today we will make these Acts which have been rushed through in our absence no longer effective. I appeal to all Honourable Members to make a dead letter of this Bill by refusing their assent to it.

Mr. Sri Prakasa (Allahabad and Jhansi Divisions : Non-Muhammadan Rural) : I think it my moral duty to add my voice to those of my friends who have opposed this measure. I have a feeling, Sir, that if the House accepts this Bill, it will indirectly at the same time be accepting all the rules and regulations that have been made so far under these two Acts. As such, I am not prepared to accept the position that the rules and regulations under these Acts have been in the best interests of the people concerned. The Government always have their own ideas of public interest which more often than not means their own private interest and their own private comfort, but when there is a real matter of public interest, when the safety of the lives and property of the people at large is concerned, then they have no idea of public interest at all. This Bill must be rejected in public interest as I and those not connected with this Government understand that expression. I will only refer here to one or two regulations under the Electricity Act. Sir, this wretched electricity has come, I fear, to stay. It is inside every house and even those persons who cannot really afford to have electricity get it in their houses because their neighbours have it. Human nature is imitative and human nature is very often foolish and

[Mr. Sri Prakasa.]

that is why we see electricity in more places than it has a right to be in. One of my grievances with these regulations regarding electricity has been about the alternating current and the direct current. You will please forgive me, Sir, if I relate some sad experiences of my own in this connection. In Benares we have an electric company that produces alternating current and has the monopoly of supplying electricity to the town. Every few days we have a tragic death. Men, women and children have died because of shocks of electricity. When the Honourable Sir Frank Noyce was in charge of this Department—and it will be long before Members of this House can forget his genial presence—I mentioned this matter to him. He got me an interview with Sir James Pitkeathley who was quite sympathetic towards my point of view. I pressed upon him the desirability of making alternating current illegal so far as domestic supply went. He admitted that alternating current was certainly more dangerous than direct current; and in the conditions of our life in India, it became particularly dangerous because men and women besides being ignorant, usually go about bare-foot in their houses and most of our houses have always water on the floor. But then he said that I had better go to my own Provincial Government in this connection. I went to my own Government and corresponded with Sir Joseph Clay who was in charge of the Department of Electricity. I wrote to him of many deaths that had taken place. I am sorry to say here that during the last week a little child, a relative of mine, has also died because of an electric shock; and, therefore, my heart is particularly full today and sore on this subject. Sir Joseph Clay, when unable to answer the arguments that I put forward, came out with the plea that there are motor-car accidents, but no one suggested that there should be no motor-cars! I retorted saying there are very few officials killed by bombs, then why should we have special laws to prevent people from throwing bombs at them. Sir, when some wretched and may be vicious official is killed in some corner of this country, there is a big howl; but when poor women and children die there is no ripple on the surface of the waters. At last, unable to proceed with me further, he said that I had better go to the Government of India because that is their Department. I wrote to Sir Frank Noyce saying: "You send me here, but they send me back to you: where am I to go?" It was like the case of Trisanku who was referred to yesterday, and I was left in mid-air; and there the matter rested.

The other day I happened to meet by the sheerest accident Sir William Stampe, who is the electrical expert in my Province,—and they are all Knights and none of them are Days. He is a dear old gentleman and he was very nice to me. Although he also agreed that the alternating current was more dangerous than the direct current, he felt that he was helpless in the matter; and curiously enough, as the minds of all these officials work alike, he also trotted out the motor-car parable; and I too had the same reply ready! I feel, therefore, that these matters are not being dealt with properly. My simple plea was and is, not that the alternating current should be abolished but that for domestic purposes the alternating current should be made illegal. Where experts deal with electricity, let them have alternating current. I understand that is more powerful and for industrial purposes indispensable. I have of course no objection to alternating current being used for these purposes, because experts deal with the matter there; and, as in all professions, so in this, persons engaged in it must undergo the

risks of their profession; and if they run the risk of electric shocks, there is no help. But why should men, women and children, ignorant of the lurking danger in these innocent-looking wires, be penalized because they do not know what these contain? And the funny thing is this that wherever there is a danger to such lives as this Government regards as supremely valuable, there they take care to have D. C. In Calcutta, they have D. C., in New Delhi they have D. C., in Allahabad they have D. C., in Lucknow they have D. C.; and where there was 220 A. C., as for instance at Naini Tal, there they transformed it to 110 A. C. which makes it equal to D. C., in order to remove all danger of the Governor and his wife and children dying. Sir, I think this is bordering on the scandalous. In Benares they have A. C., but in cities where such persons live who are not as ignorant as we are and who understand these things, they have every precaution taken to protect their lives for ever. In New Delhi they have not only the D. C., but a three points system whereby every electric connection is earthed, so that you may not have any shock at all.

I am not only talking from the experience of others; I myself have been the victim of both types of shocks. When I referred this matter to Mr. Clow, who was assisting Sir Frank Noyce, he said to me: "Why did you sample these things?" I said I was an unwilling sampler; I did not mean to get the sample but I got it all the same. I fear I could not make much headway with Mr. Clow either in this matter. Sir, I have experience of both. Collecting the wires of a table fan one day at Allahabad, I got a shock. The result was that I was thrown off. D. C. throws you off; it does not kill you. But the A. C. has a paralytic effect which is recognized by those who know this subject. In Benares when the electricity first came there, and I had just got only a temporary connection in my own house, a live plug got attached to my hand. This was in the year 1931 and I still bear the mark on my thumb: not that it matters to anybody except to myself, but there it is. I was certainly within 20 seconds of death because this wretched plug would not come off and I did not know what was happening as my hand went up and down. Luckily, something happened and the plug got detached. Honourable Members may treat the matter with amusement; but at that time it was not very amusing. The hurt that you get by electricity is something very different from the ordinary burns. I have had many burns in my own life; and I believe every one here who has been a normal child must have had them in his time also, but the burn which you get from electricity is a most peculiar sort of burn like the Dum Dum bullet of which I had no experience but of which I have read the description. It penetrates inside and bursts. Besides, it takes a long time to heal. If you feel that the lives of those who are not drawing salaries from Government have also to be preserved; and if you feel that it is worth-while preserving the lives of those of us who are mere taxpayers and have happened to come into this world whether we liked it or not; then I think you should have some provision so that these scandals may not be repeated. It may be that many persons may be feeling that we are too many in this world and that a few lakhs less of us will not very much matter. I also feel that if the population of our country went down by a few crores, it would not matter. But other ways should be adopted for putting down the population; and I understand scientists have their prescription in that behalf as well. But for Heaven's sake do not kill us by electric shocks and in ways that make these incidents so very tragic. When a man loses his grown-up son as a friend did in Benares—an

[Mr. Sri Prakasa.]

Engineer lost his son of about 19 years of age—and if a mother loses a little child of which she was very fond, then the situation becomes very dangerous and exceedingly undesirable.

I, therefore, think, that we should lodge our protest against the regulations that have so long been framed and the manner in which they have been framed ; and we should throw out this Bill and thus force the Government to bring before us a measure after taking the whole subject into consideration and making such provisions therein as would be helpful to the people at large. I do not like to exaggerate matters ; and I assure the Honourable Member opposite that whatever I have said is true to fact ; and that it is a matter which requires his immediate attention. I hope that when we lodge our protest against the way these things have been done in the past by throwing out this Bill, the attention of the Government will be more forcibly drawn towards the matter than in any other way. I hope I have made my position quite clear and I also hope that by facts and arguments I have convinced the House that it is exceedingly necessary to give a shock to the Government and pull them out of their self-complacency and force them to look into these matters in a more reasonable and sympathetic manner. Government sitting here on the top, members of which are well paid and who are supplied with decent accommodation in healthy places, cannot realise, even if they care to realise, the constant danger through which the lives of most of us, who are not favoured by fortune, pass. If the Government would think not of only itself, not of its own safety, not of its own perpetuity, not of the comfort of those only who have begged them to be taken into their service ; but also of those who pay for their upkeep, then we may hope for a better day. Till then the voice from this side must always be 'No', 'No', 'No', to anything and everything that they may care to say or do.

Qazi Muhammad Ahmad Kazmi (Meerut Division : Muhammadan Rural) : Sir, I stand to oppose this Bill as I am opposed to the very principles on which the rules that are under the contemplation of the House were framed. The Boilers and the Electricity Acts were taken up for purposes of these rules just at the time when the provincial autonomy was to be inaugurated in India and the purpose that was claimed for these rules was that there must be co-ordination between different provinces and so there must be a Central Board. Up till then, the Governor General had been carrying on this work but after the introduction of the provincial autonomy it was considered to be necessary that some authority other than the Governor General should be in charge of this. My contention is that it is not for us to supervise and guide the Local Councils. If there is any difficulty in the standardization or of co-ordination between several Provincial Governments, it must be left to them to co-ordinate amongst themselves and to make a common rule which may govern all of them for their own facility and for their own work. It is not for the Central Legislature to give orders even on subjects in which the provinces have got full power and authority. It is from this point of view that I am speaking against this Bill. It was probably due to some omission or some slip at that time that the present difficulty has come up and for that reason the matter has again come up before the House, and the House has again got the opportunity of considering whether it is proper for us at this time when provincial autonomy is in full force

to try to regulate and impose upon them rules and regulations that were made by the Governor General some time back and hand over the old legacy to the new Governments and legislate today that those very old rules should be handed over to the Central Board who must carry on those old rules in the old way. If they have formed a Central Board, it is for the Central Board to reconsider the situation. It is not shown that there is no necessity for overhauling all the rules as they stand today, on the other hand just as has been pointed out by Mr. Sri Prakasa the question of A. C. and D. C. has been agitating the mind of the public for a considerably long time and nobody has cared to come to any conclusion about the alteration of the rules in that respect. If we throw out the present Bill, the result will be that the Board will have an opportunity at least of overhauling all the rules and regulations that are in existence and will not merely copy out from the old rules that were made at a time when there was absolutely no representative voice of the people who are affected by these rules and then we may have a better set of rules that may be available for the public at large. For this reason, I oppose this motion.

The Honourable Sir Thomas Stewart : Sir, I will, if I may, deal one by one with the different types of criticisms that have been offered. In the first place, I have been blamed that experts have not been consulted in this matter. That, Sir, is a claim that I propose to dispute. If it were a technical matter I could easily imagine that we would consult electrical experts like Mr. B. Das, but the problem before us happens to be a constitutional one and I cannot see in any way that consultation with the most eminent electrical experts, not only in India but in the world, would have helped us one step towards the solution of the problem with which we are faced. I am talking of the more immediate problem, that is to say, this particular amendment which makes certain the existence of a very large body of rules whose legality at the present moment is doubtful. But let us go still further into the past. The problem before April was how best we could carry out the transfer of power from the Centre to the Provinces. It was a question of transferring power from one Government to a series of Governments—I mean political power, not electrical power, lest Mr. Das suggests again that we should call in electrical experts. When we took the action that we did in the last Legislative Session, it was done in consultation with the experts, that is to say, the Governments who were faced with the problem in its other aspect.

Mr. B. Das : Political power.

The Honourable Sir Thomas Stewart : Another criticism from Mr. Ananthasayanam Ayyangar is that, recklessly, we have divested ourselves of power and incidentally have divested this Honourable House of powers of interpellation and criticism. Now, Sir, that is not really so. I think perhaps a little confusion has been caused by the name of the Central Electricity Board, a very much better name for it would have been Provincial Electricity Board.

Prof. N. G. Ranga : Inter-provincial Board.

The Honourable Sir Thomas Stewart : I accept the correction. If the problem was to divest ourselves of power, perhaps the simplest way of doing it would have been to go to each Province and say, 'here is

[Sir Thomas Stewart.]

your slice of power' to the other, 'here is your slice' and divide it all up and to say to all of them, 'now make your own arrangements'. But the Provinces were wise. They realised that the result of their making their own arrangements would probably be confusion, inconvenience and sheer impossibility for people who are interested in electricity whether in its use, consumption or production.

Mr. M. Ananthasayanam Ayyangar : Is there any single authority now to control this Board ?

The Honourable Sir Thomas Stewart : This Board has its constitution under the Act.

Mr. M. Ananthasayanam Ayyangar : Nobody can check it.

The Honourable Sir Thomas Stewart : No ; except that individuals are working to the mandates of the particular Governments which nominate them. They are not irresponsible representatives. They are the representatives of Governments and presumably have a mandate of those Governments. But that argument has been countered to a certain extent by the remarks of Qazi Muhammad Ahmad Kazmi, who takes up a different position. He does not blame us because we have given away the power, but he blames us because we have not given away enough. He would say, do not do anything but leave it to the Local Governments. In the meantime what is going to happen ? He suggests that we reject this Bill, but the result would be that absolute chaos would ensue. He suggests that we leave it to the Central Board to review the body of rules. Has he any idea of what the body of rules is ? I very confidently predict that it would take three, four or even five years to review those rules. What we have done is this. Without interfering in any way with the discretion and power of the Central Board to amend the rules in any way it likes, we have given it a working instrument to go on with. We have prevented sheer chaos.

Mr. Sri Prakasa : Is there chaos just now when the powers are not transferred ?

The Honourable Sir Thomas Stewart : I confess it is in doubt whether there has been effective transfer of power. I have come before you today so that you might resolve that doubt and make it quite certain that those powers have been conferred and that what was done in the past will have a continued existence.

There were also criticisms even in respect of the merits of the rules that at present exist. In view of the circumstances related by Mr. Sri Prakasa I can understand why he should feel so strongly in the matter. I say I understand entirely why he should feel so strongly in the matter and it is with no idea of evading the issue that I say that it is not I that am responsible now. This Bill has arisen because of the fact that the Government of India are no longer responsible for these rules. The responsibility has gone from us and it is because of that transfer.....

Mr. Sri Prakasa : Are not the Government of India responsible for the deaths so far.

The Honourable Sir Thomas Stewart : I said that I do not wish to evade the issue at all. But I was pointing out that at the present

moment this is perhaps not the proper forum in which to ventilate the grievances howevermuch I sympathise with you and your grievances. That is my technical defence. I am not the responsible person now by reason of the transfer of power and your proper forum is elsewhere. But I will say for the information of this House that I am informed that the particular issue which has been raised by Mr. Sri Prakasa was the subject of a very careful enquiry at a very recent date, a few months ago, and all the experts, who were consulted while agreeing that there was a greater degree of danger in alternating current than in direct current, said it was not in the circumstances of India a practical proposition to give effect to what Mr. Sri Prakasa wants.

Mr. Sri Prakasa : Did these experts get both types of shocks ?

The Honourable Sir Thomas Stewart : I am afraid I am not an expert.

Mr. Sri Prakasa : I am an expert in both and I will tell you.....

The Honourable Sir Thomas Stewart : I am not giving way.

Mr. Deputy President (Mr. Akhil Chandra Datta) : The Honourable Member is not giving way.

Mr. Sri Prakasa : The Honourable Member should give way. If he does not give way he would lose his Bill. That is not the way to pilot a Bill. The Honourable Member is new to the work.

The Honourable Sir Thomas Stewart : It has been suggested that this occasion should be taken to reject this Bill entirely. I ask Honourable Members to consider what the consequence of this proposal is. Mr. Sri Prakasa has protested against a certain rule which makes life dangerous. If you remove all rules entirely what is the situation going to be ? It is going to make it impossible for any electricity company in this country to operate. Is it a serious suggestion that has been made ? I trust, Sir, it is not.

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

"That the Bill to provide for the continuance in force of certain rules and regulations be taken into consideration."

The motion was adopted.

Clauses 1 and 2 were added to the Bill.

The Title and the Preamble were added to the Bill.

The Honourable Sir Thomas Stewart : Sir, I move :

"That the Bill be passed."

Mr. Sri Prakasa : Sir, in spite of the smiles of my Honourable friends who really ought to know better, I must lodge my protest against this Bill once more. I have already explained to the House what risks we are running when these regulations are in force ; and now the matter has become really more dangerous because the Government of India can come forward and say, "We are no more responsible, other people are responsible". These good men have made these regulations ; they have transferred these regulations wholesale to the provinces ; and they tell us, "Go there". They are responsible for having begotten this monster and now they say, when the monster is functioning, "Go to your own

[Mr. Sri Prakasa.]

provinces, we have transferred the monster there". Is that the way in which we are to be dealt with in this House? And I am really surprised how this Government is getting support from all sides of the House in the passage of this nefarious Bill. I have explained to you, Sir,—and here I am serious; whatever opinion people in this House may have about me (Laughter) in this matter, I am perfectly serious,—that the lives of our people, men, women and children are in danger as long as these regulations or at least many of them continue in force. There must be some forum where we can lodge our protest against the continuance of these rules. It is a most amazing thing that when a Bill is presented to this House after it has gone through the stages of the Select Committee, the Bill cannot be discussed till a week has passed after that. Twelve or thirteen men have put their brains to a Bill, have hammered it into shape. It is then presented to this House, and the rules say that it must lie on the table for at least a week before it can be taken into consideration. The Law Member had to come forward to get the Standing Orders suspended in order that he may get his Insurance Bill taken up five days after he had presented it, instead of seven. But when Bills, like the one we are discussing today, are suddenly presented, evidently they can be taken up at once; and they pass all the stages in the twinkling of an eye.

Sir, the misfortune is that as matters stand, only such persons can get elected to the Legislative Assemblies as are rather vocal like myself; and persons who are actually suffering, who are under the iron heels of the legislation that we complacently and carelessly pass in this House,—they are nowhere to be seen. If a little child who has suffered an electric shock were to stand, his nomination would be rejected because he is a minor. If a woman who had suffered from electric shock came and stood for election to the Assembly, saying that she would like to ventilate her grievances about electricity in the House, then some disqualification will be found to invalidate her nomination. But we all come here, high and mighty folk, because we can talk and because we do not suffer and because we do not know anything. We only know the intricacies of law in which we delight, in which we revel, and which, unfortunately, is the profession of most of us. But persons really suffering and really concerned with these Acts are persons whose voice can never be heard. It is on behalf of those, Sir, and not on behalf of the world of lawyers that I lodge my protest against this Bill. I would once more like to draw the attention of this House to such Regulations that are still in force which endanger life,—not make life dangerous, as my friend put it,—and unless the House makes certain amendments to those particular Regulations which endanger life and sees to it that they are not only not transferred to the provinces but are repealed and obliterated from the Statute-book, this Bill cannot have my approval, however humble I may be. Sir, I shall always be, as I am today, opposed to the passage of this Bill, because I am opposed to the very principle on which this Bill is based. My voice may be merely a solitary voice in the wilderness: still it must and shall be raised.

Mr. B. Das : Sir, if I rise now, it is because to rebut certain statements which the Honourable the Member for Industries made which he ought not to have made. He stated that political aspect was involved in

this Bill. Sir, when I spoke I was not speaking as a politician, but I was speaking as a technical.....

The Honourable Sir Thomas Stewart : Sir, on a point of personal explanation. I am afraid that my friend, Mr. Das, has entirely misunderstood my use of the word 'political'. I did not mean it in connection with and party politics or Congress politics or Government politics. When I used the word 'political', I used it as qualifying the word 'power' and in distinction to electrical, physical power. There was nothing sinister about my use of the word 'politics' with regard to Mr. Das. I trust he will accept this explanation.

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

Mr. B. Das : I understood my Honourable friend quite correctly. I registered the protest of the electricity trade, I registered the protest of large manufacturing industries in India, against the manner in which the Government had in such indecent haste formed the Central Electricity and the Central Boiler Board, and that such action was not conducive to the development of industries in India or to the safety of the public as had been represented so vehemently and so rightly by my friend, Mr. Sri Prakasa. The Honourable Sir Thomas Stewart is in charge of electricity and other technical subjects, and he says: 'I wash my hands off, you go to the Provinces'; but, Sir, up to the year 1937 the Provincial Governments were treated as orphan and minors. They were not allowed to possess technical knowledge of the administration of Electricity and Boiler Acts, and today you tell us: 'Go to your Provinces', 'the future rules will be drafted by representatives who will represent the Provinces in the Central Electricity or the Boiler Boards'. Sir, does not the Government of India, I ask, have charge of the centrally administered areas like Delhi, Baluchistan, Ajmer-Merwara, Bangalore and other places? The Government of India are responsible and are primarily concerned with the safety of the public and the proper running of the industries so that the industries may run cheaply, and not be troubled by rules wrongly framed and wrongly designed by wrong advisers of Provincial Governments. Therefore, I again repeat that the Government of India have done the greatest wrong in forming these Boards, and in not having representatives of manufacturers, of electric supply companies in India on those Boards, and leaving it to political advisers and political representatives of Provincial Governments. I ask again as a Member of this House, how is he going to discharge his functions as Industries Member as regards his obligations to the centrally administered areas? Sir, with these observations, I still oppose the Bill, and I would again ask the Honourable Member in charge to reconsider this matter and amend this measure in such a manner that we may have properly constituted Electricity and Boiler Boards, otherwise he will hear more offensive remarks than those made by my friend, Mr. Sri Prakasa.

Mr. Muhammad Azhar Ali : Sir, the point that the opposition was making on this Bill is that the Government of India had the charge of all these Rules and Regulations and Acts so far. Now, if the Government of India, which is in charge of all the centrally administered areas, give a lead and set an example by amending the former Acts and Rules, they will be conferring a great benefit on the provinces, because the provinces will follow those rules, otherwise, it is quite possible, as the Honour-

[Mr. Muhammad Azhar Ali.]

able Member is aware, the Provincial Governments have not had much experience in these matters as the Government of India have had. Therefore, our submission is that the Government of India should set an example in amending these rules, which will save a great deal of trouble to the provinces. It would also be possible for the Provincial Governments to benefit by the results of the inquiries which the Government of India have so far made in these matters. My friend said that he would like to oppose this Bill; we might have opposed it, but we take it that the suggestion made by this side has been taken in a friendly spirit by the Government and that they will meet our wishes.

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

“ That the Bill be passed.”

The motion was adopted.

THE FEDERAL COURT BILL.

Mr. R. F. Mudie (Government of India : Nominated Official) : Sir, I move :

“ That the Bill to empower the Federal Court to make rules for regulating the service of processes issued by the Court be taken into consideration.”

I hope I shall be able to prove to Honourable Members that this is entirely a non-controversial Bill,—in fact, I hope, in Mr. Sri Prakasa's words, that it will be passed in the twinkling of an eye. As Honourable Members are aware, the Federal Court will be set up on the 1st of October this year, and, under section 210 of the new Government of India Act, the Court will be empowered to make “ any order for the purpose of securing the attendance of any person or the production of any documents ”; that is to say, the Federal Court will have power to summon any person to appear before it. The only question is the machinery by which these persons will be summoned. The Federal Court might either employ its own staff of process servers, or it might have its summons served through the High Courts. I understand that at present when a process of one High Court has to be served in the area of another High Court, then the machinery of that other Court is used for the service of the process. That is the system which it is proposed to extend to the Federal Court. The Federal Court will not have its own process serving because that would be wasteful. It is proposed that it should serve its processes through the machinery of High Courts. As explained in the Statement of Objects and Reasons appended to the Bill, this Bill is brought forward under section 215 of the Government of India Act which gives power to Federal Legislature to confer upon the Federal Court “ such supplemental powers as are necessary for the more efficient exercise of its jurisdiction ”. This is merely a matter of providing machinery for the service of summons. Sir, I move.

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

“ That the Bill to empower the Federal Court to make rules for regulating the service of processes issued by the Court be taken into consideration.”

MOTION FOR ADJOURNMENT.

HUNGER-STRIKE OF POLITICAL PRISONERS IN THE ANDAMANS.

Mr. S. Satyamurti (Madras City : Non-Muhammadan Urban) : I beg to move :

“ That the Assembly do now adjourn.”

I shall be very brief, Sir, because I want a straight vote of this House on this motion, so that our voice may reach these hunger strikers in the Andamans and persuade them, whatever Government may or may not do, to give up this hunger strike on the assurance that we are doing our best by them. Telegrams have gone to them already, but I hope, Sir, this vote of ours will go to them tonight, and if any of them has, unfortunately, fallen a victim of this hunger strike already, I pray that at least the other lives may be saved. I should like the Honourable the Home Secretary to give us the latest information, with regard to these hunger strikers. I do not want to discuss the merits or demerits of a hunger strike; but I want to mention only this, that when a man resorts to a hunger strike, he stakes his life on it, and, therefore, it is not a light-hearted matter; and I am not prepared to merely argue about it sitting in our comfortable chairs. I want also to mention, Mr. President, to this Honourable House that this hunger strike has been resorted to, *inter alia*, for the repatriation of these prisoners to their provinces. This demand had been continually put forward before this Government, even before the last tragic hunger strike which ended in three tragic deaths, and the Government cannot say that they have been taken by surprise. I quite agree, that in a democratic country where the ballot box is the supreme sovereign authority, a hunger strike may be argued against, but in our country the ballot box is not yet supreme. But, even in countries where the ballot box is supreme, there are hunger strikers who are released, who are honoured, who become afterwards rulers of the very country whose Government imprisoned them and compelled them to resort to a hunger strike. I should like very much that this motion had been moved by my Honourable and esteemed friend, Mr. Mohan Lal Saksena, to whose disinterested and continuous work on behalf of these people I should like to pay my humble tribute of respect and gratitude; but being where I am, I have read, and I am sure every Honourable Member has read, the correspondence between him and His Excellency the Viceroy. I am free to state that I see a human touch in the Viceroy's reply to Mr. Mohan Lal Saksena, but the touch, I regret to say, is not human enough. What does he say towards the end of that letter?

“ Were the Government to give way, the gain would be illusory and momentary ”

Would it be illusory and momentary to save 200 lives?

Mr. Akhil Chandra Datta (Chittagong and Rajshahi Divisions : Non-Muhammadan Rural) : They are now 700.

Mr. S. Satyamurti : My Honourable friend, the Deputy President, says it is 700.

“ the device of hunger-strike would be established as one to be adopted on any occasion.”

I wish to remind his Lordship, if I may do so, that life is larger than logic. There is no use imagining that, because you yield on a certain

[Mr. S. Satyamurti.]

occasion—remember—it is a hunger strike, we do not like to miss even a single meal. To suggest that if you yield on a matter like this, hunger strikes will become fashionable, does not show a sense of realism. I submit that this matter should be treated in a more human and a more generous spirit. After all, in other countries, one knows that people who were treated as rebels, who were confined to jails, have now become rulers in almost every European country. It is so, and these gentlemen on the Treasury Benches may have to shake hands with them. Even today what is happening in many provinces? Men who were prisoners, guests in His Majesty's Jails, are now Prime Ministers and Ministers. Therefore, let them not treat this thing, as if it is a matter to be ignored or to be treated lightly. I want to say this, Mr. President. The gravamen of my motion is "the callous attitude of the Government", and I want to invite the attention of the House to this answer given in this House.

"Adequate arrangements were made for funerals of hunger strikers if necessity arose."

An Honourable Member : Shame !

Mr. S. Satyamurti : Surely, Mr. President, may I put this question to my friends? If 700 Englishmen or Scotchmen were hunger striking in Dartmoor, would any Home Secretary survive even a trice, if he exhibited before them arrangements for their funerals? I suggest, either your hearts are not there or are in the wrong place. I suggest that, as Mr. Subhash Chandra Bose has pointed out, as Mr. Mohan Lal Saksena has pointed out, there is a real change of heart in these prisoners. To constantly call them terrorists, and say there is no possibility of dealing with them shows a lack of imagination and a lack of touch with reality. There is one force in India today, you may not recognise it, Mahatma Gandhi. His stand for peace and non-violence has converted these people. What is your response to it? I suggest that we must respond to these young, high spirited people and convert them to right ways of conduct in public life. And whatever you may say, let me say, as a Hindu and as an Indian, that those who sacrifice for great causes will always be respected in my country !

"Na Karnanā Na prajaya Dhanāna tyagānāpī Amritatavanaguh?"

That is the Upanishad doctrine, and, therefore, whatever may happen, if there are deaths among these prisoners, I warn the Government of the trail of anger and misunderstanding which will be roused in this country.

Then I want to raise only one point. I have read this Government of India Act. It is a very complicated Act. I have tried to look at these Orders in Council, a very big volume. May I ask my Honourable friend the Law Member or anybody else, what is the authority under which the Government of India today keep these prisoners in the Andamans? And even if you have some authority, why should you keep them? Law and order, you say, are transferred to provinces. It is their job. You do not want to interfere with the discretion of the democratic Provincial Governments. If these subjects are really transferred, it is for them to deal with them. I object, as a taxpayer, as a Member of this House, to this Government of India trying to act as jailors for the provinces. I should like to know why they are keeping these prisoners. My submission is this, that, in view of the Provincial Autonomy which you trumpet forth day

after day, in view of the transfer of law and order, in view of the power vested in Local Governments under the Criminal Procedure Code of remitting unexpired sentences of any prisoner,—I say—you have no moral or legal right to come into the picture and say, we will keep them. My demand is, repatriate them to the provinces. Let them be among familiar surroundings. I will say nothing about the Andamans excepting this. As against Sir Henry Craik's picture of a "Paradise", my Honourable friend, Raizada Hans Raj, who uses his words very carefully, calls it "a hell on earth". Therefore, do not send them to paradise or hell, but send them to their own provinces, be they paradise, or be they hell. That is the main demand of this adjournment motion, and I suggest that if the Government are going to take an adamant attitude on this matter and are not going to listen to the voice of our people, including Dr. Rabindra Nath Tagore, Mahatma Gandhi, the Congress and many others, who have appealed to them to take a generous view of this matter, they will be responsible for any casualties that may happen among these hunger strikers. No amount of legal doctrine, no amount of quibbling will acquit you of the responsibility, the serious responsibility that will lie upon you. Why do you imagine that you are more interested in the peace and well-being of this country than we are? Our forefathers were born here. They lived and died here. We have got to live and die here, and our children and children's children will live and die here. When we tell you, repatriate them, deal with them humanly and generously, who are you to come in and say, we will not? I do hope that every right-minded Member of this House, every man whose heart is in the right place, will give a solid vote in favour of this motion censuring this Government, and tell these young men that they must give up the hunger strike and save themselves, in the hope that we shall do our best to see that they will soon be free and be able to join the forces which are struggling non-violently, and I hope successfully, for the freedom of the Motherland. Sir, I move. (Applause from the Opposition Benches.)

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

"That the Assembly do now adjourn."

Mr. S. N. Roy (Government of India : Nominated Official) : I realise that this subject engages the emotions and sympathies of a large section of the House, and I, therefore, do not propose to say anything which is likely to add to the acerbity of debate, but I do want to submit that because it engages our emotions and our sympathies to such a large extent, this House, as a responsible House, should look at the matter from a dispassionate standpoint, and, before they actually vote on this motion, consider the consequences that are likely to result from any decision which they take here this evening. The only reason why I have ventured to intervene in a debate belonging to a department with which I severed my connection some time ago is because this motion affects Bengal and 80 per cent. of these prisoners in the Andamans are Bengalis. (Interruption.) I want myself to examine this matter from the standpoint of a layman who has some knowledge of the great difficulties that stand in the way of the action which Honourable Members opposite want Government to take. Let me begin by trying to clear up some of the misapprehensions which appear to lie at the bottom of a great deal of the feeling which has been aroused in the country. The other day, Mr. Sri Prakasa, in the course of a reply given to a question, interjected a remark

[Mr. S. N. Roy.]

which indicated that he is under the impression that the prisoners in the Andamans are person detained without trial. (*Cries of "No, no"*.) Let me assure him that that is not the case.

Mr. S. Satyamurti : You cannot kill even convicted criminals.

Mr. S. N. Roy : Let me finish the point I want to make. That impression, if it exists, is wholly unfounded. Then, these prisoners have often been described as "political prisoners". Let me assure Honourable Members that these persons have not been convicted for opinions adverse to Government, which amounts to a crime under the Indian Penal Code. These prisoners in the Andamans, each one of them, have been convicted by an ordinary Court after a proper trial. They are all of them either convicted for murder or dacoity or attempt at murder or attempt at dacoity or for unlawful possession of arms, with the intent to commit crime.

Mr. Sri Prakasa (Allahabad and Jhansi Divisions : Non-Muhamadan Rural) : Why are they not with other murderers in their own province ?

Mr. S. N. Roy : I shall presently come to that. Criticisms have been levelled at Government which seem to indicate that the Bengal Government and the Central Government have been vindictive about sending these prisoners to the Andamans. Let me refer for a moment to the history of this matter. The House will remember that it was on the 18th April, 1930, that the raid on the Armoury at Chittagong took place and it was followed immediately by an outbreak of terrorist crime. It was not until the end of 1932, more than a year and a half later, that the Bengal Government, in consultation with the Central Government, decided that prisoners convicted of these violent crimes should be sent to the Andamans. I submit that this is not evidence of the fact that either the Local Government or the Central Government were in any sense inclined to be vindictive in this matter. Their hands were forced and let me explain how it was that their hands were forced. It was not a case that they sent them to the Andamans from the very beginning. It was as a result of bitter experience spread over 18 months that they were forced to do it. It was found that these persons in the jails in Bengal were communicating with the terrorist organisations outside. Time and again evidence came into the hands of Government to that effect. Again for reasons into which I need not enter at the moment these convicted persons regarded themselves more or less as heroes. In the jail they refused to submit to any kind of discipline. I am not one of those who say that there is never an occasion for a strike, that Government are always right and prisoners are always in the wrong, but I do contend that when the Press and opinion outside is such that every time there is a strike in the jail they immediately assume that Government are in wrong and the prisoners are in the right, when every such occasion is used as an occasion for anti-Government agitation, then it becomes impossible to maintain jail discipline. But it was not merely that they themselves would not subject themselves to jail discipline. Their conduct and their views had a very bad effect on the other types of prisoners and, as I said before, public sympathy, as exhibited in the Press and in the expressed views of a certain party, made the administrative work of Government extremely difficult, if not impossible. Those were the reasons why these prisoners were eventually

sent to the Andamans. But when the Bengal Government approached the Government of India for permission to send them to the Andamans, even then the Government of India made two conditions. One was that no one who had not been convicted for a term of more than five years should be sent there, and the second was that no one who was not passed by a medical board as medically fit should go there. Therefore, so far as the Central Government are concerned, having this administrative difficulty before them, they tried to set down the safeguards in the interests of these prisoners themselves. Actually although five years was the limit, I can say from my own experience that parents and guardians have often approached Government on behalf of their sons or wards who had been sentenced to more than five years, and if their conduct in jail was found satisfactory despite the fact that they were medically fit to be transported, they were kept back in Bengal. The sole object of the Local Government was to make the conditions such that it was possible for jail discipline to be maintained. Well, Sir, Honourable Members opposite might say that this was in 1932, and that conditions have now changed. My friend, Mr. Satyamurti, used words to the effect that there had been a change of heart, that conditions had changed since. As I say, I have not been connected with this work myself for the last eighteen months, but I have followed the trend of events in the Press in the way that most people do and I personally—and if Honourable Members have other evidence to produce, I have no doubt that they will do so in the course of this debate—but I personally am not satisfied that there has been a real change of spirit amongst these people. (*Interruptions.*) Now, I suggest that the present hunger-strike which has been continuing in spite of the appeals made to them from various parties, in spite of the appeal made to them by the Congress Working Committee itself, that the continuance of that strike in those circumstances is an indication in support of my contention. Now, Sir, that is as far as these prisoners are concerned. What about public opinion in Bengal ? So far as that is concerned, I am perfectly aware that in the Press there has been a strong agitation for their repatriation ; but when we have a constitution based on a wide franchise, when we have a Ministry dependent on the majority in a popularly-elected Legislature, I submit that Government must accept the vote of that House as indicating the wishes of the people. If that argument is conceded, then I say that, so far as Bengal is concerned, there has been a definite vote against the repatriation of these prisoners. The Ministers have faced the House, if I recollect aright, on two occasions in connection firstly with a resolution and again in connection with a motion for adjournment of the House advocating repatriation. Both the motions were defeated by large majorities.

Now, Sir, I do want to appeal to the House that this is not a matter which ought to be decided by means of an adjournment motion. There are tremendous practical difficulties connected with it. I want Members who have come from Bengal to look back and to think over the years of anarchy through which Bengal passed, and I suggest to the House that it is not right that they should try to force the hands of a Ministry which is trying to do the best in carrying on the administration in a peaceful and orderly manner. (*Interruptions.*) Sir, I would only add one word more, and that is that, as far as I know, the Home Minister

[Mr. S. N. Roy.]

in Bengal has given an assurance that Government would first bring back the detenus who are incarcerated outside the province into the province and, thereafter, if conditions are favourable, he would consider the repatriation of these prisoners in the Andamans. (*Some Honourable Members* : "After their deaths.") I appeal to the House not to make the position of Ministers in Bengal more difficult, and I suggest to them that the assurance which the Home Minister has given in Bengal goes as far as is possible for any responsible Minister to do in present conditions. (Loud Applause from the Official Benches.)

Maulvi Syed Murtaza Sahib Bahadur (South Madras : Muhammadan) : Sir, you are aware and the House is also aware of the fact that I generally do not speak on every occasion, but on such a momentous question like this I cannot but make a speech. Sir, about thirteen years ago, that is, during the term of the Second Assembly, a delegation was sent to the Andaman Islands consisting of four persons including myself. The then representative of Malabar, Khan Bahadur Mahmud Schamnad, Mr. Abbas Ali Khan, Barrister-at-Law, the present Chief Presidency Magistrate of Madras, a Parsi doctor of Calicut, and myself formed the members of the delegation. We had then a very sympathetic Home Member in the person of our late-lamented friend, Sir Alexander Muddiman, whom we approached bringing to his notice the dire condition of our Moplah brethren and their families there. He was very much moved. But he said that the report which he was receiving from the Chief Commissioner of the Islands was quite otherwise. Then when we pressed the question upon him, he was pleased to send this delegation. In that connection I may mention this fact that not only the prisoners under martial law were sent to the Andaman Islands, but their families also were sent over there on the plea that the prisoners would enjoy home life there with their families. When we went over there, and saw their condition with our own eyes, we were obliged to shed our tears. So much moved were we. In this connection I may inform the House through you, Sir, that I quite concur with my Honourable friend, Raizada Hans Raj, when he says that the so-called heaven is in reality a hell on earth. (Loud Applause.) Sir, we were there for about a week, and though we were not convicts, we were *de facto* prisoners, and then what was the conditions which we witnessed there? The majority of the prisoners including the members of their families were suffering from enlargement of spleen and many of them had met with death. We drew up a majority report consisting of three members, and the only member that dissented from us was the Parsi doctor belonging to Bombay and practising in Calicut. But what was the result? Though three of us submitted a joint report and only one was dissentient, yet our report was totally ignored, but on the other hand the report of the Parsi doctor was accepted because the latter was to the taste of the Government.

Sir, if my Honourable friend, Mr. S. N. Roy, had the occasion to go through that report, he would have been very much satisfied as to what conclusion we had then come to. We had then reported that all the prisoners there should be repatriated to their respective Provinces and that the Andamans Island should no more be treated as a fit place where prisoners might be sent. But the result is known to all. That is why I said that because we do not enjoy freedom we do not have any

voice in the administration, the Government does everything as it likes and we are being ignored in each and every matter.

As regards the present question, Mr. Roy just now said : "Oh, a party seems to be interested in these hunger strikers." I want to tell him that every Indian, whoever he may be, is very keenly interested in this question. There might be one or two, the unsympathetic Mussalmans of Bengal, who may not attach any importance to this question. They may say : "Oh, this hunger strike question does not concern us and we do not pay much regard to it." But the whole of India is sympathising with the hunger strikers. As has been rightly pointed out by the Mover of this motion, my Honourable friend, Mr. Satyamurti, about 700 lives are in danger, and we know that the key of the situation is in the hands of the Government of India and not in those of the Bengal Government though they may say that it is the Bengal Government which is responsible in this case. But I maintain that the key of the situation lies in the hands of the Government of India. Nay the lock and key, as has been rightly observed by my Honourable friend, Mr. Sri Prakasa, are in the hands of the Government of India. There is a Persian couplet which has just come to my memory. It runs thus :

"Ba her rangai kai khaki jama mai poshi
Mun andazai qadat ra mi shinasam."

"Whatever attire you (the Government of India) may put on, we know from your stature who you are."

Before I conclude, Sir, I have to clear one point. This motion, after all, is not totally a censure motion against the Government. It is rather a request made on behalf of all Indians who sympathise with these hunger strikers, so that the Government may kindly see their way to repatriate them and we may be in a position to prevail upon them to give up their hunger strike. If the Government of India do not come forward to grant this mild request of ours, the result will be something disastrous. So, I appeal to all the elected Indian Members to make up their minds to support this motion whole-heartedly.

Sir Muhammad Yakub (Rohilkund and Kumaon Divisions : Muhammadan Rural) : Mr. President, I share the feelings of Mr. Satyamurti when he said that we should adopt measures by which the hunger strikers in the Andamans would give up the strike and their attitude of not obeying the orders. It is a common human weakness, which I also share, every man sympathises with a sufferer and a prisoner howsoever severe his crime and howsoever heinous his offence may have been. It is probably this human weakness which has taken over the press and the public in India. Now that the dawn of responsibility has appeared upon the Congress and they have assumed the reins of Government in the six Provinces in India, I thought that they would not put their own Ministers, in the six Provinces, in a difficult position by encouraging and by helping disorder, and the attitude of disobedience of law, on the part of convicts and prisoners. Mr. President, it was the Congress itself which demanded an assurance from the Provincial Governors, and the Governor General, that they will not interfere with the decision of the popularly elected Ministers, and they did not accept office until that assurance was given to them. Now, Sir, on the one hand, they want that the Government of India, or the Governors, should not interfere with the decision of the Ministers and, on the other hand, they come here and ask the Government of India that they

[Sir Muhammad Yakub.]

should flout the decision and trample upon the opinion of the Bengal Ministers and the vote of the Bengal Council. Do I find any consistency in it?

Sir, in my own Province, the United Provinces, during the short reign of the Congress Ministers Government was obliged to open fire, and the Police were obliged to make lathi charges upon the unruly mob of strikers in Cawnpore. If things like that were to be tolerated and if the public were to demand that the Provincial Governments should surrender to such demands then I do not think the Congress Ministers would be able to carry on the administration of the Provinces, which have been put in their charge, for a day. For example, if the Mussalmans of Orissa were to go on hunger strike and say that they would die because a Mussalman Minister has not been appointed in their province, what will the Ministry in Orissa do? Will they surrender or will they appoint a Mussalman Minister?

A Voice from Congress Benches : We will surrender.

Sir Muhammad Yakub : If you will surrender, then you will surrender your Government, you will surrender your conscience and you will surrender all that you demand for the freedom of India. I submit, Sir, that this is the time when the Indians are on their trial, the Congress is on its trial and the British himself is also on his trial, and we have to see in what way we mould our future and show to the world that we are capable of administering the country.

I do not say for a moment that the Andamans is a paradise, and even if it were a paradise, nobody likes the jail life or the life of a prisoner in a paradise. But the simple question is this : should any Government succumb to the threats of the convicts or the prisoners? If it were left in the hands of the prisoners to choose or select their own place of imprisonment and if the Government were to surrender on questions like these, then again, I repeat, that it would become impossible for the Congress or any other Government to carry on the administration.

Now, Sir, as has already been pointed out by my friend, Mr. S. N. Roy, the Government of Bengal, the Chief Minister of Bengal, and the Home Member of Bengal, have definitely declared and solemnly pledged themselves on the floor of their Assembly, that if these hunger strikers gave up the strike, they will sympathetically consider their cases. After that undertaking, which was given by the Ministers, I do not think that it would be right or proper for this House to censure the Government of India in order to encourage those people who are carrying on the hunger strike. Although we all wish, along with Mr. Satya-murti, that the hunger strike should come to an end, I think the method which my Honourable friends have adopted will have the contrary effect, namely, I am afraid, it will encourage the hunger strikers to continue their hunger strike if they will find that in the Indian Legislative Assembly a vote has been passed censuring the Government of India for not acceding to their demands. It is quite natural. They will be encouraged to continue their hunger strike and the responsibility for the results which will follow will rest on those who are encouraging these people to prolong this hunger strike. I, therefore, humbly submit that in the beginning of and on the morn of responsible government which has ushered in this country, and at a time when we

are trying to work the new reforms and when we want to show to the world that we can administer our country better than the foreigners, it is up to us that we should take a more moderate and sensible view of things. You cannot govern in a country if you surrender to the wishes of the convicts and prisoners. Therefore, I appeal to Honourable Members again in the name of patriotism, I appeal to them in the name of the freedom of our country, not to make the position of the Indian Ministers difficult and do not ask them to surrender to the unreasonable wishes of the prisoners and culprits. With these remarks, I oppose the motion.

Mr. J. A. Thorne (Home Secretary) : Sir, I very much regret that Honourable Members opposite should have selected this particular motion for discussion. Notices were given of other motions on this subject framed in non-controversial terms and in terms which Government would have had no hesitation in accepting. However, for my part I will studiously avoid uttering one word on this grave subject which might be regarded as tending to encourage heat or factious spirit or controversy.

It will, I think, assist the House if I recite the course of events that led up to the hunger strike. The incidents of course occurred in the cellular jail at Port Blair where there are nearly 300 terrorist convicts confined.

Mr. Sri Prakasa : Question.

Mr. J. A. Thorne : I should once, more make it plain—because Mr. Sri Prakasa still seems not convinced—that these are all convicts. There are no detenus and no state prisoners in the Andamans.

Mr. Sri Prakasa : But how are they terrorists?

Mr. J. A. Thorne : I do not on this occasion wish to dwell on the offences for which they were convicted. I will only say that these include the gravest that man could commit against man. A great majority of the prisoners belong to Bengal and of all the Provinces Bengal is, therefore, the one which is mainly concerned.

On July 9th, a petition signed by 251 prisoners was presented to the Chief Commissioner. This is the document and as my Honourable friends will see it is of considerable length. The main demands contained in it were for the unconditional release of all detenus and convicted political prisoners and for the repeal of all repressive laws. The only demands that had a direct bearing on the conditions in the cellular jail were for their repatriation and for their uniform classification in a superior class. Now, Sir, I would invite the attention of the House to these demands. These prisoners would not have been satisfied if they had all been classified in 'B', or even in 'A', class. They would not have been satisfied if they had been repatriated to their Provinces. Their demand was for their unconditional release. Even that would not have satisfied them, for their demand was for the unconditional release also of every person confined, whether as detenu or convict, for what are called political offences. Thus, I maintain that this petition was not intended to be one which Government could grant. The plan clearly was that this petition should be rejected. In that petition there was no threat of hunger strike, though the plan must already have been then formed. The petition was presented on the 9th and the earliest date it could reach the Government of India was only on the 20th, a fact which was well-known to these prisoners. Yet on the 18th they

[Mr. J. A. Thorne.]

presented an ultimatum to the Chief Commissioner that, if a reply was not received by the 24th, they would on that date go on hunger strike. This information the Chief Commissioner telegraphed to us and we received his telegram on the same day as we received the petition, that is the 20th July. Government immediately considered the petition and telegraphed to the Chief Commissioner on the 21st their rejection of it. This order the Chief Commissioner communicated, as soon as he received it, to the prisoners on the 23rd,—but already two men had gone on hunger strike—one on the 19th and the other on the 20th. Their pretext was that their demands had not been granted. Actually the petition had not reached the Government of India at the time when they went on hunger strike. On the 24th July, 175 more men began a general hunger strike and their number has gradually increased till it is now over 220. The conclusion cannot be resisted that the hunger strike was premeditated : and it actually began on a day which was being celebrated in Bengal as Detenus Day. Moreover one of the hunger strike leaders has informed the Chief Commissioner that it was timed so as to be in progress when the session of the Bengal Legislative Assembly began. Thus the hunger strike was, without doubt, deliberately organised as a device of forcing the hands of the Government of India and the Provincial Governments, and particularly the Government of Bengal. As I have said, Bengal is the Government most concerned, and they are not prepared to consider agreeing to the repatriation of these prisoners so long as the hunger strike continues. The hunger strike was not provoked by any action of the local authorities ; I maintain that the facts I have quoted demonstrate this. The Chief Commissioner did his duty in warning the prisoners on the 23rd July that the strike could not succeed and would only bring down on them jail punishments and the loss of remissions and privileges. Nothing he or the jail authorities could do would have averted the hunger strike. I must mention what action has been taken in the effort to induce the prisoners to give up the strike. First, the appeals sent to them by the Premier of Bengal, by the Congress Working Committee over the signature of the President of the Congress, by the Congress Party in this House over the signatures of its leaders, and by two prisoners sent back to Bengal at the beginning of the hunger strike,—all these have been communicated to the prisoners. The Chief Commissioner himself has lost no opportunity of personal contact and persuasion of the prisoners. I might mention that on August 13 he spent two hours with them when he gave them the message of the Assembly Congress leaders and argued with them, pleaded with them and answered their questions. Other appeals by provincial ministries have been made and these too have been communicated. Next, although we have made it clear to the prisoners that their demands would not be considered by us or by the Bengal Government so long as they continued the hunger strike, we have allowed very definite assurances to be given to the hunger strikers. Let me read a message—the message to which I referred just now, sent by the two hunger strikers who were repatriated to Bengal at the beginning of the hunger strike. I would ask the House to attend particularly to the passages which I will read :

“ Comrades, Bengal Government decided to bring back to Bengal Deoli detenus, other detenus and State prisoners detained outside province. Thereafter Government

will consider whether Andaman prisoners can be brought back. We have placed grievances clearly and thoroughly before Government and public men and are convinced.....”

Mr. S. Satyamurti : Sir, on a point of order, may I know what that document is, which my Honourable friend is reading ? Has it been laid on the table of the House ?

Mr. J. A. Thorne : I have already explained that this is a message sent by two prisoners in a jail in Bengal to their comrades, as they call them, in the Cellular Jail.

Mr. S. Satyamurti : Sir, I would ask him to place it on the table of the House.

Mr. President (The Honourable Sir Abdur Rahim) : He is reading it out.

Mr. S. Satyamurti : I want the whole document, Sir.

Mr. J. A. Thorne : I have no objection at all :

“ We have placed grievances clearly and thoroughly before Government and public men and are convinced that purpose will be served by stopping hunger strike to enable Government to take up grievances immediately. We shall retain full liberty of plan of future course of action after waiting reasonable time for Government to redress grievances. Leaders are against continuation of strike ”—

and I want the House to listen to this—

“ Bengal Government and the Government of India agree that no punishment will be imposed on hunger strikers and that any punishment already imposed will be cancelled on cessation of strike. Under circumstances and after consultation with public men we request your serious consideration of the matter.”

Well, Sir, I regret to say that none of these appeals or assurances have had any effect on the hunger strikers. Short of surrendering to their determined attempt to obtain their own release and the release of other so-called political prisoners and detenus, I do not see what more Government could have done. There is, unfortunately, good reason to believe,—the Chief Commissioner has come to this conclusion after long talks with the prisoners,—that the determined men who have organised the hunger strike will not be content till some of their weaker brethren have laid down their lives.

Sir, I have time to say only one or two things more. One is this. It has been well said that we all on this matter have one common aim,—to bring this desperate enterprise to an end at the earliest possible moment. We may differ as to methods but we, on this side, still credit gentlemen on the other side with a serious purpose, and we must ask that we also should be credited with the same spirit. Lastly, Sir, I wish to say that we here, who are considering this matter at a distance, must not forget the men who are, I am convinced, with every manifestation of humanity, dealing every day with the gravest problems in the Cellular Jail. We are fortunate in that we have as Chief Commissioner Mr. Cosgrave, a gentleman well known to the older Members of this House, and an officer of proved merit and of earnest goodwill. The Superintendent of the jail, Major Clements, is an officer in whom we have great trust. The senior medical officer, Captain Chowdhry,—and Raizada Hans Raj and Sir Muhammad Yamin Khan will, I am sure, bear me out in this,—is a doctor admired by all for his skill and for his devotion. The heaviest burden falls on the doctors and we are fortunate in having

[Mr. J. A. Thorne.]

Captain Chowdhry there in this crisis in charge of the medical staff. I may say that everything indicates that the medical staff we have provided is adequate. It is an extraordinary tribute to the work of that staff that the strike has gone on so long with not a single death and with, in fact, a decrease in the cases of serious illness. Sir, whatever verdict this House may pass on Government, I appeal with confidence for recognition of the noble manner in which these men at Port Blair are performing their task.

Mr. Bhulabhai J. Desai (Bombay Northern Division : Non-Muham-

madan Rural) : Sir, most of the motions which come before the House on a subject of adjournment have naturally to satisfy the condition that they are matters of urgent public importance. But there are some which are matters of grave public importance ; and if the common aim between Mr. Thorne and his compatriots on the other side and us is that we should receive the ashes of these prisoners, he may be quite certain that he is mistaken in the community of aim. That cannot be our aim, in the name of what he calls discipline and the praises that he has showered on men the like of whom I know in this country better than he does. I know what a cellular jail is ; he does not know it except from an inspection, of which in order to relieve the intensity of this occasion, I will tell you an incident. I remember in the Nasik jail a gentleman of the position of Mr. Thorne coming up for inspection. He walked round the jail and came up to me. I did not wish to be introduced but I was forced to be introduced ; and the gentleman said, " Oh, this is a very comfortable place, Mr. So and So " naming me. I said, " I would not like to tell you anything more, but shall we exchange places for a week ? " And you had to see his face then ! So that let not those who sit in comfort here talk about the patriotic services which are being rendered by the four men who were mentioned, the like of whom I am fully familiar with here. The issue, Sir, is quite plain before the House. The issue is not what is sometimes made out to be that a Government,—any Government it does not matter which,—cannot yield to a pressure of this character. But there are occasions while the same pressure from individuals may not be submitted to, it becomes a pressure of a nature that no Government can ever resist at the risk of its own safety. It is no use putting forward wrong issues. If you must steel your conscience against right doing, if you must shut your eyes today with such equanimity, you might at least have adduced better arguments than those which have been addressed to us today. For one thing was answered that as soon as the hunger strike commenced stacks of fuel and shrouds were kept ready. That is what you call a preparation for the transition period leading to self-government. I am ashamed of that type of discipline which can make a man continue hunger strike by telling him—' If you die, it is a matter of no consequence to me '. If that is the way to discourage hunger strike, if that is the way to persuade men not to resort to hunger strike, I am quite certain that the glorious praises which have been given had better be withdrawn in calmer moments. The fact, however, remains that the thing has passed beyond the stage of ordinary instances of discipline, and may I assure my friend, Sir Muhammad Yakub, that the Government of the United Provinces and the Government of Bihar,—somehow or other

he is fond of telling me what those Provincial Governments in Congress provinces should do,—may I tell my friend that those two Provinces have already demanded the repatriation of prisoners belonging to their Provinces who are now in the Andamans. I am told that Madras also has demanded the repatriation of its prisoners who are now in the Andamans. So that, so far as his advice to us is concerned, I hope he will give us the credit that we understand the administration of law and order and to be able to draw a line between discipline and death....

Sir Muhammad Yakub : I have drawn the line on several occasions.

Mr. Bhulabhai J. Desai : I am afraid he is incapable of doing so, otherwise he would not have got up in this House and talked in a manner that does not redound to the credit of the position he occupies, for, Sir, we must remember four facts. Since the year 1920, Andamans,—and I have read the Report,—has been condemned as a place unfit for prisoners in every form, except those of a class to which these prisoners do not belong. It has been admitted that from every point of view the place is unfit as a prison, I am one of those who believe that, while punishment by courts or otherwise, is a good deterrent, vindictiveness as an element of punishment is one against which I have always set my face, and my friend, the Home Secretary, ought to know that the object of punishment is reformation and not vindictiveness leading to death. If that is what he thinks punishment is for, if that is the way in which he thinks the power that is slowly slipping out of his hands is going to remain, he is very much mistaken. It can remain, only by extending goodwill to the people of this land. You owe a responsibility not merely to this House alone, but you owe a responsibility to every shade of opinion,—and I may remind my friend, Mr. Roy, who referred to the double vote in the local Council in Bengal, I did not wish to make it a provincial question. I wish to make it a national question, for indeed in every revolution crimes are committed, but a time does arrive when the intensity of it is such that every wise Government begins to recognise that reconciliation is better than enforcement of discipline and death in the name of it. The fact is that you cannot speak dispassionately. You wanted us to feel dispassionately. Unfortunately, we cannot do so,—and thank God to our emotion, and thank God to our conscience, we shall not discuss this dispassionately. For you must remember that most of us on this side who understand what law is, also know the limits of the application of its doctrines. Therefore, it is no use making a fetish of what you are making now by your dispassionate consideration of this issue. From one end of this land to the other appeal has gone forth that these prisoners should be repatriated ; you were good enough to thank the President of the Congress for an appeal to the hunger striker to give up hunger strike and if those thanks had any grain of sincerity in them, I want to aid you in a cause, not merely of mercy, but of good to yourself, the maintenance of this Government. If you wish to make more terrorists, by all means carry on with your fetish of discipline, by all means carry on with all those shrouds and fuel facing those men, and if you do so, you will soon find that the Government will dig its own grave with the ashes of these men. You must remember that. You must also remember another thing, that this place is unhealthy in every form, and, therefore, if punishment is to have no vindictiveness as an element in the Government which you represent,

[Mr. Bhulabhai J. Desai.]

you have still time to ask, not merely for this vote, but also to respect the vote. Sir, I support the motion.

Mr. M. A. Jinnah (Bombay City : Muhammadan Urban) : Sir, I rise to deal with this motion absolutely dispassionately, and I echo the words of Mr. Roy that this House is a responsible House, that it should discharge its responsibility in an issue of this character without being led away by any sentiments, passions or excitement that may legitimately exist. Sir, I have listened to the Government spokesman, and although I myself feel that the word 'callous' in this motion for adjournment is unfortunate, still I think that the Government may justify their position by stating facts and reciting the history. They may say that they have done what any responsible Government would have done under the circumstances. They may say that "We have done that and nothing else, and, therefore, we are not to blame for it". But, Sir, the issue before the House now, as I understand it, is this. I do not think one can really dispute the proposition that these prisoners are political prisoners. It is no use saying, so-called political prisoners. When you deal with them you must remember that, however misguided, however wrong, however heinous their acts were, they were actuated by political considerations, and that is a fact that must be borne in mind. I do not say that in the name of politics, in the name of patriotism, a man is justified in killing another man or committing dacoities or robberies. They should be condemned unequivocally. As long as any Government wishes to maintain law and order which is its primary function, it must put that down and must deal with those offences with the same severity as that with which you would deal with any other offence. But that is not the question now before us. The Honourable Member said that their ultimatum was that they wanted unconditional release, not only of themselves, but of the detenus; not only that, but that all repressive laws should be repealed, and so on and so forth. We are not considering that now. That is not the issue before the House now. As I understand, the simple issue before the House is this, that on this side of the House with such evidence as we have in our possession, not only recently but times out of number a section of opinion have come to the conclusion that the Andamans is not the place for these prisoners, or any other and that as a penal settlement it should be abandoned that they should be repatriated to their provinces. Nobody has asked Government to do anything more today.

To that the answer is, "Are we going to do this under the point of a bayonet, namely, the hunger strike? If we do that now and if we repatriate them now, while the hunger strike is going on, would it not be setting an example to the prisoners all over to do the same?" I think Government have ample evidence that this hunger strike is not approved of by anybody in this country. On the contrary, you have got enough evidence to show that every responsible party, every responsible person in this country has made it clear that this hunger strike must stop. But may I appeal to the Government that justice must be tempered with mercy? You are perfectly justified in saying—and I endorse it without hesitation—no Government can afford to yield to any threats of this character—hunger strike, or that on that ground their demand should

be complied with. But apart from the conduct of these prisoners, who are on hunger strike you have got to consider the opinion of this House, and that is independently of the hunger strike, that they should be repatriated. We are not urging upon you now that you should repatriate them because they are on hunger strike. But they should be repatriated on grounds, on reasons that we feel that, whatever may have been the reasons five years ago in 1932, those reasons do not exist now and the question should be reviewed and I think we have a clear indication, and I think Mr. Satyamurti deserves the congratulations of this country for leading many a people on the right way. He says "You bring them here and these very men who have committed these serious crimes—we shall see that they are brought on the right way of conduct"—those are his words. Therefore, it is this House that is urging upon the Government on a different ground, on a different plane, on different data, to consider the question afresh immediately to repatriate them to this country. I am rather surprised that the Bengal Government and the wife in the Bengal Council should have been brought into this discussion. But the Bengal Government's position is similar. They are taking up the stand in the same way: "So long as the strike continues we cannot yield. But if the strike ceases we shall give a sympathetic consideration". I ask Government to give their serious consideration to this matter and assure this House that they will consider the question of repatriating them without delay. My Honourable friend, Mr. Thorne, said, that the words of the motion are such that it becomes difficult for him to accept it. Had it been in different terms the Government would have probably accepted it, he said. May I know what it is, what are the terms, which he cannot accept because I attach no importance to the words? After all, Honourable Members know perfectly well that a motion of adjournment has got to be brought in some sort of language, and I admit the implication of it—it is a grave implication, I realise it and I shall be the last person to support any motion of adjournment because it implies a deliberate and definite censure on the conduct of the Government and, therefore, I shall be the last person to support a motion in a hurry. But, after all, the motion has got to be worded in some language. If the Government assures us definitely that on the ground I have put before the House, viz., not because a pistol is held at the head of the Government by these strikers, but on the ground which I have submitted before the House, that the Honourable Member will give immediate consideration to the question of their being repatriated. I should then ask also the Congress Party not to press this motion. Because, after all, remember, the object is not to censure the Government. As my Honourable friend, Maulvi Syed Murtuza Sahib Bahadur, very rightly said, the object of this motion is not that we should carry it by a majority because the majority is with us now, but the object of this motion is to get a definite and clear statement from the Government as to what is going to be their attitude in this matter, and if we are satisfied, then no purpose will be served in merely carrying this motion to a division and unnecessarily exasperating the Government instead of getting their sympathy and their support. (Applause.)

Mr. R. F. Mudie (Government of India : Nominated Official) : I did not intend to intervene in this debate, but having heard Mr. Jinnah's dispassionate speech, his carefully reasoned speech, and as Mr. Jinnah

[Mr. R. F. Mudie.]

asked for a reply from Government, I have risen simply to explain one or two points in connection with what he said. The object of the motion is to call attention to "the callous attitude of the Government". Mr. Jinnah, on the other hand, considers that the motion before the House is the question of the repatriation of these prisoners.

Mr. M. A. Jinnah : Not only I consider it, but I think that was the ground on which Mr. Satyamurti put it.

Mr. S. Satyamurti : I want immediate repatriation not the immediate "consideration of repatriation". Immediate repatriation tonight or by the next possible steamer. They will die by the time you have finished consideration. I want immediate repatriation.

Mr. R. F. Mudie : Not only Mr. Jinnah, but Mr. Satyamurti also, agree that the main object that we are considering at the moment is the repatriation of these prisoners. Mr. Jinnah, but not I think Mr. Satyamurti, admitted that no Government should give way on a hunger strike and remain a Government. But Mr. Jinnah bases his argument for repatriation on the opinion of this House. The opinion of this House has not yet been taken, but even if Mr. Jinnah is a true prophet I would ask him to consider one point, and that is this. Repatriation of these prisoners does not lie with the Government of India or with this House. It is essential if you move a prisoner from one province to another to have the consent not only of the Province from which the prisoner is transferred but also that of the province to which the prisoner is transferred. As my friend, Mr. Roy, pointed out, the opinion not only of the Bengal Government but of the Bengal Assembly also is against transfer. Now, I ask Mr. Jinnah, if his argument, that the Government of India ought to give way on this point because of the supposed opinion of this House, is sound, how is it possible for the Government of Bengal to repatriate these prisoners in the teeth of the opinion of their own Assembly?

Mr. M. A. Jinnah : I understood that the Bengal Government are willing to consider the question of repatriation sympathetically.

Mr. R. F. Mudie : I can assure Mr. Jinnah that the Government of India will not stand in the way of whatever the Bengal Government have decided to do.

Mr. S. Satyamurti : Will you repatriate them immediately?

Mr. President (The Honourable Sir Abdur Rahim) : Let the Honourable Member carry on.

Mr. S. Satyamurti : The Honourable Member is replying to a point made from this side.

Mr. R. F. Mudie : I thought I made it clear that the immediate repatriation, or repatriation at any time, did not rest with the Government of India alone. Unless the Government of Bengal agree, we cannot repatriate.

Mr. Akhil Chandra Datta : What about Madras and Bihar?

Mr. S. Satyamurti : You won't repatriate them on the ground of hunger strike?

Mr. R. F. Mudie : I was going on to explain that the Government of India will not stand in the way of the Government of Bengal, if they wish to repatriate....

Mr. M. A. Jinnah : I want the Government of India to take the lead.

Mr. R. F. Mudie : The main obstacle in the way of repatriation of these prisoners is their own action, their hunger strike. That is the view of the Government of Bengal which has the control of this matter.

Mr. M. A. Jinnah : May I interrupt the Honourable Member? I am fully alive to the constitutional and legal position *vis-a-vis* Provincial Governments, but what I want to know from the Government of India, such as it is constituted today, is whether they will give us the assurance that they will do their best.

Mr. R. F. Mudie : I can give an assurance that we will not stand in the way of what the Government of Bengal propose to do.

(Cries of "Question be put".)

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

"That the question be now put."

The Assembly divided :

AYES—58.

Abdul Qaiyum, Mr.
Abdur Rasheed Chaudhury, Maulvi.
Aney, Mr. M. S.
Ayyangar, Mr. M. Ananthasayanam.
Azhar Ali, Mr. Muhammad.
Banerjee, Dr. P. N.
Bhagavan Das, Dr.
Chaliha, Mr. Kuladhar.
Chaudhury, Mr. Brojendra Narayan.
Chettiar, Mr. T. S. Avinashilingam.
Chetty, Mr. Sami Vencatachalam.
Chunder, Mr. N. C.
Das, Mr. B.
Das, Pandit Nilakantha.
Datta, Mr. Akhil Chandra.
Desai, Mr. Bhulabhai J.
Deshmukh, Mr. G. V.
Gadgil, Mr. N. V.
Ghulam Bhik Nairang, Syed.
Govind Das, Seth.
Gupta, Mr. K. S.
Hans Raj, Raizada.
Hosmani, Mr. S. K.
Jedhe, Mr. K. M.
Jogendra Singh, Sirdar.
Joseph, Mr. George.
Joshi, Mr. N. M.
Kailash Behari Lal, Babu.
Lahiri Chaudhury, Mr. D. K.

Lalchand Navalrai, Mr.
Maitra, Pandit Lakshmi Kanta.
Malaviya, Pandit Krishna Kant.
Mangal Singh, Sardar.
Misra, Pandit Shambhu Dayal.
Mudaliar, Mr. C. N. Muthuranga.
Muhammad Ahmad Kazmi, Qazi.
Murtuza Sahib Bahadur, Maulvi Syed.
Paliwal, Pandit Sri Krishna Dutta.
Pande, Mr. Badri Dutt.
Parma Nand, Bhai.
Raghubir Narayan Singh, Choudhri.
Ramayan Prasad, Mr.
Ranga, Prof. N. G.
Rao, Mr. Thirumala.
Saksena, Mr. Mohan Lal.
Sant Singh, Sardar.
Santhanam, Mr. K.
Satyamurti, Mr. S.
Sham Lal, Mr.
Sheodass Daga, Seth.
Singh, Mr. Gauri Shankar.
Singh, Mr. Ram Narayan.
Sinha, Mr. Satya Narayan.
Som, Mr. Survy Kumar.
Sri Prakasa, Mr.
Umar Aly Shah, Mr.
Varma, Mr. B. B.
Zafar Ali Khan, Maulana.

NOES—55.

Abdul Hamid, Khan Bahadur Sir.
Abdullah, Mr. H. M.
Ahmad Nawaz Khan, Major Nawab Sir.
Aikman, Mr. A.
Bhagchand Soni, Bai Bahadur Seth.

Buss, Mr. L. C.
Chanda, Mr. A. K.
Chanman-Mortimer, Mr. T.
Dahl, Dr. B. D.
Dalpat Singh, Sardar Bahadur Captain.

NOES—55—contd.

DeSouza, Dr. F. X.
Fazl-i-Haq Piracha, Khan Bahadur Shaikh.
Fazl-i-Ilahi, Khan Sahib Shaikh.
Ghiasuddin, Mr. M.
Ghuznavi, Sir Abdul Halim.
Gidney, Mr. C. W. A.
Griffiths, Mr. P. J.
Grigg, The Honourable Sir James.
Hydari, Mr. M. S. A.
James, Mr. F. E.
Jawahar Singh, Sardar Bahadur Sardar Sir.
Kamaluddin Ahmed, Shams-ul-Ulema.
Kushalpal Singh, Raja Bahadur.
Lang, Mr. J. C.
Lloyd, Mr. A. H.
Mackeown, Mr. J. A.
Manavedan Raja, Rao Bahadur K. G.
Mani, Mr. R. S.
Mehta, Mr. S. L.
Mudie, Mr. R. F.
Nagarkar, Mr. C. B.
Nayudu, Diwan Bahadur B. V. Sri Hari Rao.

The motion was adopted.

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

" That the Assembly do now adjourn."

The Assembly divided :

NOES—55.

Abdul Hamid, Khan Bahadur Sir.
Abdullah, Mr. H. M.
Ahmad Nawaz Khan, Major Nawab Sir.
Aikman, Mr. A.
Bhagchand Soni, Rai Bahadur Seth.
Buss, Mr. L. C.
Chanda, Mr. A. K.
Chapman-Mortimer, Mr. T.
Dalal, Dr. R. D.
Dalpat Singh, Sardar Bahadur Captain.
DeSouza, Dr. F. X.
Fazl-i-Haq Piracha, Khan Bahadur Shaikh.
Fazl-i-Ilahi, Khan Sahib Shaikh.
Ghuznavi, Sir Abdul Halim.
Gidney, Mr. C. W. A.
Griffiths, Mr. P. J.
Grigg, The Honourable Sir James.
Hydari, Mr. M. S. A.
James, Mr. F. E.
Jawahar Singh, Sardar Bahadur Sardar Sir.
Kamaluddin Ahmed, Shams-ul-Ulema.
Kushalpal Singh, Raja Bahadur.
Lang, Mr. J. C.
Lloyd, Mr. A. H.
Mackeown, Mr. J. A.
Manavedan, Raja, Rao Bahadur K. G.
Mani, Mr. R. S.
Mehr Shah, Nawab Sahibzada Sir Sayad Muhammad.

Ogilvie, Mr. C. M. G.
Parsons, Lieut.-Colonel A. E. B.
Purcell, Mr. R. S.
Rahman, Lieut.-Colonel M. A.
Rajah, Raja Sir Vasudeva.
Row, Mr. K. Sanjiva.
Roy, Mr. S. N.
Scott, Mr. J. Ramsay.
Sen, Mr. S. C.
Shahban, Mr. Ghulam Kadir Muhammad.
Sher Muhammad Khan, Captain Sardar Sir.
Sircar, The Honourable Sir Nripendra.
Sivraj, Rao Sahib N.
Slade, Mr. M.
Spence, Mr. G. H.
Staig, Mr. B. M.
Stewart, The Honourable Sir Thomas.
Sultan Ahmad, The Honourable Sir Saiyid.
Thorne, Mr. J. A.
Tylden-Pattenson, Mr. A. E.
Yakub, Sir Muhammad.
Yamin Khan, Sir Muhammad.
Ziauddin Ahmad, Dr.

Mehta, Mr. S. L.
Mudie, Mr. R. F.
Nagarkar, Mr. C. B.
Nayudu, Diwan Bahadur B. V. Sri Hari Rao.
Ogilvie, Mr. C. M. G.
Parsons, Lieut.-Colonel A. E. B.
Purcell, Mr. R. S.
Rahman, Lieut.-Colonel M. A.
Rajah, Raja Sir Vasudeva.
Row, Mr. K. Sanjiva.
Roy, Mr. S. N.
Scott, Mr. J. Ramsay.
Sen, Mr. S. C.
Shahban, Mr. Ghulam Kadir Muhammad.
Sher Muhammad Khan, Captain Sardar Sir.
Sircar, The Honourable Sir Nripendra.
Sivraj, Rao Sahib N.
Slade, Mr. M.
Spence, Mr. G. H.
Staig, Mr. B. M.
Stewart, The Honourable Sir Thomas.
Sultan Ahmad, The Honourable Sir Saiyid.
Thorne, Mr. J. A.
Tylden-Pattenson, Mr. A. E.
Yakub, Sir Muhammad.
Yamin Khan, Sir Muhammad.
Ziauddin Ahmad, Dr.

AYES—62.

Abdul Qaiyum, Mr.
Abdur Rasheed Chaudhury, Maulvi.
Aney, Mr. M. S.
Anwar-ul-Azim, Mr. Muhammad.
Ayyangar, Mr. M. Ananthasayanam.
Azhar Ali, Mr. Muhammad.
Banerjee, Dr. P. N.
Bhagavan Das, Dr.
Chaliha, Mr. Kulalhar.
Chaudhury, Mr. Brojendra Narayan.
Chettiar, Mr. T. S. Avinashilingam.
Chetty, Mr. Sami Vencatachelam.
Chundier, Mr. N. C.
Das, Mr. B.
Das, Pandit Nilakantha.
Datta, Mr. Akhil Chandra.
Desai, Mr. Bhulabhai J.
Deshmukh, Mr. G. V.
Desak Sait, Mr. H. A. Sathar H.
Gadgil, Mr. N. V.
Ghulam Bhik Nairang, Syed.
Govind Das, Seth.
Gupta, Mr. K. S.
Hans Raj, Raizada.
Hosmani, Mr. S. K.
Jedhe, Mr. K. M.
Jinnah, Mr. M. A.
Jogendra Singh, Sardar.
Joseph, Mr. George.
Joshi, Mr. N. M.
Kailash Behari Lal, Babu.

Lahiri Chaudhury, Mr. D. K.
Lalechand Navalrai, Mr.
Maitra, Pandit Lakshmi Kanta.
Malaviya, Pandit Krishna Kant.
Mangal Singh, Sardar.
Misra, Pandit Shambhu Dayal.
Mudaliar, Mr. C. N. Muthuranga.
Muhammad Ahmad Kazmi, Qazi.
Murtuza Sahib Bahadur, Maulvi Syed.
Paliwal, Pandit Sri Krishna Dutta.
Pande, Mr. Badri Dutt.
Parma Nand, Bhai.
Raghubir Narayan Singh, Choudhri.
Ramayan Prasad, Mr.
Ranga, Prof. N. G.
Rao, Mr. Thirumala.
Saksena, Mr. Mohan Lal.
Sant Singh, Sardar.
Santhanam, Mr. K.
Satyamurti, Mr. S.
Sham Lal, Mr.
Sheodass Daga, Seth.
Siddique Ali Khan, Khan Sahib Nawab.
Singh, Mr. Gauri Shankar.
Singh, Mr. Ram Narayan.
Sinha, Mr. Satya Narayan.
Som, Mr. Suryya Kumar.
Sri Prakasa, Mr.
Umar Aly Shah, Mr.
Varma, Mr. B. B.
Zafar Ali Khan, Maulana.

The motion was adopted.

The Assembly then adjourned till Eleven of the Clock on Thursday, the 26th August, 1937.

L200LAD

LEGISLATIVE ASSEMBLY.

Thursday, 26th August, 1937.

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

STARRED QUESTIONS AND ANSWERS.

(a) ORAL ANSWERS.

RAILWAY REVENUES.

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

- (a) whether the railway revenue has improved in the course of the year ; and
- (b) the net deficit or surplus that he expects in the course of this year ?

Mr. B. M. Staig : (a) Yes. .

(b) For the period 1st April to 20th August, 1937, the approximate gross earnings exceeded the actuals for the corresponding period of 1936-37 by Rs. 262 lakhs. It is too early reliably to estimate what the position will be at the end of this financial year.

Mr. T. S. Avinashilingam Chettiar : In view of the fact that the Wedgwood Committee had recommended to cut short expenses and increase revenue, do Government expect any additional revenues by putting that into force ?

Mr. B. M. Staig : The Honourable Member for Railways will make a statement in regard to what has been done and what is expected to be done when the Wedgwood Committee report is considered tomorrow.

Mr. S. Satyamurti : May I know if Government have made even approximately a rough calculation, on the present returns of railways, as to whether they will be able to get 13 crores in the course of this year with a view to enable the Government of India to make a grant to the Provinces under the Niemeyer award ?

Mr. B. M. Staig : As the House is aware, we ended last year with a surplus of 1.20 lakhs. The figure I have quoted is 142 lakhs in excess of that figure. We have therefore reasonable ground for hoping that the present year's surplus will exceed last year's. It is, however, very difficult to prophesy. Last year we had a very sudden and unexpected rise of receipts in November and December. This may or may not

recur. The peak period usually lasts from late January to the middle of March. I hope the Honourable Member will not press me to give any fixed figure for receipts of the present year.

Seth Govind Das : Are they going to use the surplus in giving grants to the Provinces ?

Mr. President (The Honourable Sir Abdur Rahim) : That question does not arise.

Mr. Lalchand Navalrai : Has there been any increase from fares ?

Mr. B. M. Staig : The increase from fares is about 80 or 85 lakhs and increase in goods traffic is about 175 lakhs.

Mr. T. S. Avinashilingam Chettiar : Do Government have any reason to think that this increase in revenue is due to temporary causes or that they are due to a recovery in trade ?

Mr. B. M. Staig : I should say that the increase is mainly due to recovery of trade. The increase falls mainly under grains, coal and general goods. There is actually a decrease under cotton and oil seeds.

Mr. K. Santhanam : Has the Sino-Japanese conflict had any effect upon the revenues ?

Mr. B. M. Staig : I cannot say.

Mr. Muhammad Azhar Ali : Are the Government prepared to accept the recommendation of the Wedgwood report and not purchase any more rolling stock and engines and things like these from the railway revenues ?

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

CONSTRUCTION OF THE NEW THIRD CLASS COMPARTMENTS.

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

(a) in what stage is the construction of the new third class compartments ; and

(b) when it is expected to be put upon the rails ?

The Honourable Sir Saiyid Sultan Ahmad : (a) and (b). The experimental third class coach referred to by the Honourable Member was completed in November, 1935, and has been in regular service on the Great Indian Peninsula Railway since 1936.

Pandit Lakshmi Kanta Maitra : How many such coaches have been made ?

The Honourable Sir Saiyid Sultan Ahmad : Twelve luggage brake and third class carriages with third class accommodation have been built by G. I. P. which have facilities equivalent to experimental third class coaches. These were placed in service last year.

Seth Govind Das : Are they going to increase the number ?

The Honourable Sir Saiyid Sultan Ahmad : I do not know.

Pandit Lakshmi Kanta Maitra : When were they last put into use ?

(No answer.)

Mr. Abdul Qaiyum : Is it proposed to introduce these carriages on the North Western Railway line ?

The Honourable Sir Saiyid Sultan Ahmad : I have no information about that.

Mr. Abdul Qaiyum : Will the Honourable Member kindly enquire about it ?

The Honourable Sir Saiyid Sultan Ahmad : That question does not arise from the answer I gave.

Mr. Lalchand Navalrai : How many such carriages have been constructed up to now ?

The Honourable Sir Saiyid Sultan Ahmad : I would refer the Honourable Member to my last answer.

Prof. N. G. Ranga : Are the Government satisfied with the experience of these carriages gained in G. I. P. line ?

The Honourable Sir Saiyid Sultan Ahmad : The experiment so far has been successful.

Prof. N. G. Ranga : Is there any proposal to introduce it on other lines ?

The Honourable Sir Saiyid Sultan Ahmad : I cannot give any further information.

Pandit Nilakantha Das : Is there any proposal to recondition all other cars on this new model ?

The Honourable Sir Saiyid Sultan Ahmad : I want notice.

Seth Govind Das : The Honourable Member has just said that the experiment has proved satisfactory on the G. I. P. line. Under these circumstances, will the Government consider the advisability of introducing this experiment on other lines as well.

The Honourable Sir Saiyid Sultan Ahmad : I cannot give any undertaking to that effect.

AIR-CONDITIONED COACHES ON RAILWAYS.

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

(a) when the new air-conditioned coaches will be put upon the rails ; and

(b) whether fares will be increased for travel in these coaches ?

The Honourable Sir Saiyid Sultan Ahmad : (a) The air-conditioned coaches are expected to be placed in service in October next.

(b) Yes.

Pandit Lakshmi Kanta Maitra : In which railways will they be tried first ?

The Honourable Sir Saiyid Sultan Ahmad : I am not sure ; but I think on the G. I. P. and E. I. R.

Mr. Badri Dutt Pande : What is the cost of a single coach ?

The Honourable Sir Saiyid Sultan Ahmad : I have not got the figures.

Prof. N. G. Ranga : In view of the fact that the Wedgwood Committee has condemned this particular proposal, will the Government consider the advisability of stopping their orders if possible and preventing the introduction of these very costly coaches?

The Honourable Sir Saiyid Sultan Ahmad : That is a matter of opinion.

Mr. N. M. Joshi : May I ask whether these air-conditioned coaches are of the first class, second class or third class?

The Honourable Sir Saiyid Sultan Ahmad : First class.

Mr. N. M. Joshi : May I ask whether the Wedgwood Committee has not commented in its report that the Railway Board gives more attention to first class traffic when in fact first class does not pay while neglecting third class traffic when it does pay much better than first class?

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

Sir Muhammad Yakub : Is it not a fact that the recommendations of the Wedgwood Committee are not worth the paper on which they are printed? ("Hear, hear" from the Congress Party Benches.)

TRAIN ROBBERIES.

115. ***Mr. Ram Narayan Singh :** Will the Honourable the Railway Member be pleased to state the number of train robberies committed all over India particularly in Bihar in the last three years as well as in the current year and also the number of cases instituted in this connection with their results?

The Honourable Sir Saiyid Sultan Ahmad : The information is not available but Government will consider calling for it if its compilation will not involve an amount of time and expenditure incommensurate with the use to which it could be put.

DIVERSION OF CERTAIN TRAINS TO ENABLE THEM TO TOUCH BENARES AND ALLAHABAD.

116. ***Mr. Sri Prakasa :** Will the Honourable Member for Commerce and Railways state if it is a fact that fast moving trains cannot be run on the Janghai-Phaphamau Section of the East Indian Railway? If so, do Government intend to strengthen the track with a view to diverting trains like the Bombay-Calcutta Up and Down Mails to enable them to touch such important places as Benares and Allahabad?

The Honourable Sir Saiyid Sultan Ahmad : The track on the Janghai-Phaphamau Section is not up to the standard for fast main line traffic. There is no present intention of strengthening the track on this section for the purpose suggested.

Mr. Sri Prakasa : In view of the fact that the Calcutta-Bombay mails avoid two important stations of Benares and Allahabad which are

connected with it by shuttle trains, will Government consider the desirability of recommending to the authorities concerned to strengthen this particular track in order that these mails could pass over them?

The Honourable Sir Saiyid Sultan Ahmad : My answer was :

"There is no present intention of strengthening the track on this section for the purpose suggested."

Mr. Sri Prakasa : Will Government reconsider their decision on the subject, regard being had to the great importance of these particular mails?

The Honourable Sir Saiyid Sultan Ahmad : It is a question of policy, but we will examine it once again.

Mr. S. Satyamurti : What are the reasons for which Government have come to the conclusion that they will not carry out the suggestion of strengthening the track?

The Honourable Sir Saiyid Sultan Ahmad : The reasons are that the expenses will be unnecessarily great and there is no inconvenience felt at present by these trains not running on that line.

Mr. Mohan Lal Saksena : What will be the extra amount of expenditure?

The Honourable Sir Saiyid Sultan Ahmad : I cannot say at present as I have not got the figures. I hope Honourable Members will not ask me to give figures in supplementary questions.

Mr. Sri Prakasa : In view of the fact that the citizens both of Benares and Allahabad have been agitating for this for a long time, will Government consider this matter carefully and will the Honourable Member,—who I understand is a very strong man in whom the department has caught a regular Tartar (Laughter),—tell the Agent that he would like this track to be strengthened?

The Honourable Sir Saiyid Sultan Ahmad : I am neither a Tartar nor anything like it. I am here to serve the House and serve the country. If it is the desire of the House that I should further look into the matter I shall do so with pleasure.

Mr. S. Satyamurti : What are the figures on which the Honourable Member based his answer that the strengthening of this track will be expensive? Has he got any data?

Mr. President (The Honourable Sir Abdur Rahim) : He said he has no figures with him.

Pandit Lakshmi Kanta Maitra : Will you kindly forward these questions and answers.....

Mr. S. Satyamurti : Sir, when Government say that the scheme will be too expensive, surely they must be prepared to give the figures.

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member says he has not got the exact figures.

Mr. Sri Prakasa : This is the first time we have got satisfactory answers on the subject.

DENIAL OF FACILITY TO HOLDERS OF INTERMEDIATE CLASS RETURN TICKETS TO TRAVEL TO KALKA FROM BENARES CANTONMENT EITHER *via* DELHI OR *via* SAHARANPUR.

117. ***Mr. Sri Prakasa** : Will the Honourable Member for Commerce and Railways state :

- (a) if it is a fact that while return journeys on first and second class return tickets between Benares Cantonment (East Indian Railway) and Kalka (North Western Railway) can be performed either *via* Delhi or *via* Saharanpur on the payment of a small extra charge, holders of intermediate class return tickets have not the same facility ; if so, why ; and
- (b) whether the route between Benares Cantonment and Kalka *via* Delhi is longer than the one *via* Saharanpur ? If so, why is an extra charge levied when passengers holding tickets *via* Delhi decide to travel *via* Saharanpur ?

The Honourable Sir Saiyid Sultan Ahmad : (a) It is a fact that, under the present Rules, holders of intermediate class return tickets cannot, on payment of an extra charge, travel between Benares and Kalka either *via* Delhi or *via* Saharanpur. Government are not aware of the reasons for this restriction, but they are making enquiries.

(b) Yes, the route *via* Delhi from Kalka to Benares is longer than *via* Saharanpur. As the fare *via* Delhi would ordinarily be higher than *via* Saharanpur, return tickets issued by the Delhi route would be available *via* Saharanpur without payment of any extra charge.

Mr. Sri Prakasa : May I ask if the Honourable Member has instructed the railway authorities in accordance with the answer he has given or whether he is stating a fact ? My own experience is that they charge extra on tickets *via* Delhi, even if the holder thereof travels *via* Saharanpur. I have had that experience myself last year.

The Honourable Sir Saiyid Sultan Ahmad : The East Indian Railway rule undoubtedly is somewhat confusing and refers to travelling by both routes ; that is, holders of *via* Saharanpur tickets travelling *via* Delhi and holders of *via* Delhi tickets travelling *via* Saharanpur, and states that this can be done on payment of the difference in fares. But the difference only arises ordinarily when the holder of a *via* Saharanpur ticket requires to travel *via* Delhi. There may, however, be some exceptions, though I cannot at the moment say how they would arise, which is why the answer has been given in the form in which I did give it. But I will make further inquiries about it.

Mr. Sri Prakasa : May I state this fact that holders of tickets from Benares to Kalka, *via* Delhi, which is the longer route, cannot travel *via* Saharanpur, which is the shorter route, unless they pay an extra charge ? What I want the Honourable Member to do is to put his anomaly in order ; I speak from personal experience.

The Honourable Sir Saiyid Sultan Ahmad : I said that the rule is confusing and perhaps that is the reason why this has been done. I will give the necessary instructions on the point.

Mr. Sri Prakasa : Thank you, Sir ; you are very accommodating. (Laughter.)

ATTACHÉ CASES CARRIED FREE OF CHARGE BY FIRST AND SECOND CLASS PASSENGERS ON THE EAST INDIAN RAILWAY.

118. ***Mr. Sri Prakasa** : Will the Honourable Member for Commerce and Railways state :

- (a) if it is a fact that while attaché cases are allowed free to first and second class passengers on the East Indian Railway, they are weighed for the purpose of levying a charge on extra luggage, when in possession of third and intermediate class passengers ;
- (b) if so, what is the purpose of this differentiation ; and
- (c) how many attaché cases each first and second class passenger can carry with him free, and what is the average weight and size of such attaché cases as envisaged by the railway ?

The Honourable Sir Saiyid Sultan Ahmad : (a), (b) and (c). I would invite the Honourable Member's attention to the reply given by the Honourable Sir Muhammad Zafrullah Khan to Mr. Mohan Lal Saksena's starred question No. 372 on the 14th September, 1936.

Mr. Sri Prakasa : Is the Honourable Member aware that Mr. Mohan Lal Saksena himself got in trouble at Lucknow station because he was carrying an unbooked attaché case ? In any case, what is the reply to parts (b) and (c) of the question ?

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member is referring to a particular incident which is not in the question itself, and I do not think the Honourable Member can ask it.

Mr. Sri Prakasa : That was only by the way (Laughter), I am now asking for a reply to parts (b) and (c).

The Honourable Sir Saiyid Sultan Ahmad : Parts (b) and (c) were answered by Sir Muhammad Zafrullah Khan in reply to the question I have referred to.

Mr. N. M. Joshi : May I ask whether this discrimination against third class passengers is not in accordance with the policy of the Government of India ?

The Honourable Sir Saiyid Sultan Ahmad : I do not understand that.

Mr. Sri Prakasa : With reference to part (c), Sir Muhammad Zafrullah did not, so far as I can remember, give us the number of attaché cases that can be carried by first and second class passengers free nor their average weight. Will the Honourable Member give the information now ?

The Honourable Sir Saiyid Sultan Ahmad : I will give all the answers which were given by Sir Muhammad Zafrullah Khan.

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

†119* to 121.*

†For questions Nos. 119—121 and replies thereto, see pages 602—04 of these debates.

PROPOSAL TO SET UP A CENTRAL STATISTICAL ORGANISATION.

122. ***Mr. S. Satyamurti** : Will the Honourable the Commerce Member be pleased to state :

- (a) whether there is a proposal to set up a Central Statistical organisation in India ;
- (b) if so, when it is likely to be given effect to, and what its functions will be ; and
- (c) whether, before setting up that body, relevant commercial opinion will be invited and taken into consideration ?

The Honourable Sir Saiyid Sultan Ahmad : (a) Yes.

(b) I would invite the attention of the Honourable Member to pages 124—126 of the Proceedings of the meeting of the Standing Finance Committee held on the 11th February, 1937, which give the required information. A copy of the Proceedings is in the Library. I may add that the Central Statistical Organisation is expected to be set up in April, 1938, provided that all the necessary arrangements for the printing of the statistical publications in the Government of India Press, New Delhi, can be completed before then.

(c) No, Sir. In this connection I may mention that the Central Statistical Organisation will only take over *en bloc* the work of statistical compilation which is at present done by the statistical side of the Commercial Intelligence and Statistics Department at Calcutta, without any immediate change in the existing method and scope of the work.

Mr. S. Satyamurti : May I know whether Government have come to any conclusion, with regard to the personnel or expenditure to be incurred on the organisation ?

The Honourable Sir Saiyid Sultan Ahmad : I cannot answer off-hand without notice about the cost.

Mr. S. Satyamurti : Have Government come to any conclusion as to the personnel ?

The Honourable Sir Saiyid Sultan Ahmad : I cannot give any information.

Mr. S. Satyamurti : May I know where this statistical organisation is going to be located ?

The Honourable Sir Saiyid Sultan Ahmad : I do not find anything about it in the question itself, but I shall make inquiries and let the Honourable Member know about it.

Mr. T. S. Avinashilingam Chettiar : Will this organisation do what is at present being done at Calcutta or will it collect and publish further statistics ?

The Honourable Sir Saiyid Sultan Ahmad : I have said that there will be no immediate change in the existing method and scope of the work.

Prof. N. G. Ranga : What is the object of creating this special organisation if it is not to discharge any additional work ?

The Honourable Sir Saiyid Sultan Ahmad : I submit, Sir, that I have given the answer. I can give the Honourable Member further information if he gives notice.

Mr. S. Satyamurti : May I know whether the organisation will deal with and publish statistics of internal trade in this country ?

The Honourable Sir Saiyid Sultan Ahmad : I really cannot answer that question off hand.

Mr. T. S. Avinashilingam Chettiar : May I know if.....

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member has said that he is not in a position to give any further information.

Mr. S. Satyamurti : Sir, the Honourable Member may not be able to answer, but as regards these points, will he give us a note or memorandum later on ?

Mr. President (The Honourable Sir Abdur Rahim) : If specific answers on specific points are wanted they ought to be specified. The Honourable Member has said that he is not in a position to answer questions which are not on the agenda paper.

Mr. S. Satyamurti : I am only suggesting, Sir, that you should ask Government to consider whether in cases where supplementary questions are covered by the main question already put in, they should not give us the information in some form.

Mr. President (The Honourable Sir Abdur Rahim) : It is almost impossible to decide that in the case of a supplementary question. I have allowed supplementary questions which are not strictly covered by the main question. It depends upon the Government to give further information in such a case or not.

SELECTION OF REPRESENTATIVES OF INDIA AT THE IMPERIAL CONFERENCE.

123. ***Mr. S. Satyamurti** : Will the Honourable the Leader of the House be pleased to state :

(a) how the representatives of India at the recent Imperial Conference were selected ; and

(b) whether Sir Muhammad Zafrullah Khan will be requested to place copies of all his speeches on the table of the House for the information of the House ?

The Honourable Sir Nripendra Sircar : I am unable to reply to this question which should have been addressed to the representative of the Home Department, but I am able to add that they are ready to answer the question today.

Mr. R. F. Mudie : (a) The selection was made by agreement between the Secretary of State and the Governor General.

(b) A speech by Sir Muhammad Zafrullah Khan is printed at pages 69—71 of the publication entitled Imperial Conference, 1937. Summary

of Proceedings, Cmd. 5482, a copy of which is in the Library of the Legislature. The Government of India have no information regarding other speeches, if any, made by him.

Mr. S. Satyamurti : With regard to the answer to clause (a) of the question, may I know if the Governor General in Council came into the consultation at all ?

Mr. R. F. Mudie : The agreement was between the Secretary of State and the Governor General, and not with the Governor General in Council.

Mr. S. Satyamurti : I want to know whether, in coming to an agreement, the Governor General consulted the Governor General in Council.

Mr. R. F. Mudie : I cannot give any information as to how the agreement was arrived at.

Mr. S. Satyamurti : May I know if these representatives are sent to the Imperial Conference to represent Indian public opinion ?

Mr. R. F. Mudie : They are sent to represent India.

Mr. S. Satyamurti : May I know how these representatives are selected with a view to represent the people of India,—I don't mean the geographical entity, but the people of India ? I want to know whether any steps are taken by the Government to ascertain how far these representatives can speak at the Imperial Conference on behalf of the people of India.

Mr. R. F. Mudie : I have already answered that in reply to part (a) of the question.

Mr. S. Satyamurti : No, Sir, he has not answered it.

Mr. President (The Honourable Sir Abdur Rahim) : Is the Honourable Member suggesting any particular method of selecting these representatives ?

Mr. S. Satyamurti : I am asking for information, since I am not the Governor General,—I am asking my friend as to how these representatives are selected with a view to their representing the people of India. If he says he does not know it, let him say so.

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member contends that these representatives do not represent the people of India, but they think they have done their duty.

Mr. S. Satyamurti : That is not the position, Sir. I am simply asking for information on this point as to whether any steps are taken to see that these representatives represent the people of India. My point is, that no steps are taken towards this end ; they are simply patronised.

Mr. President (The Honourable Sir Abdur Rahim) : In selecting men or in giving expression ?

Mr. S. Satyamurti : Both in selecting men and in giving expression. First, I want to know whether any steps are taken by the Government to ascertain whether these gentlemen who are sent to the Imperial Conference represent to any degree or in any manner the public opinion of India or of any section.

Mr. President (The Honourable Sir Abdur Rahim) : I do not know if the Honourable Member can answer that.

Mr. R. F. Mudie : I have already given the information.

Mr. S. Satyamurti : No, you have not given any information.

Seth Govind Das : The Honourable Member says that the representative who is sent to the Imperial Conference represents India, what does he mean by India ?

Mr. President (The Honourable Sir Abdur Rahim) : I cannot allow that.

Mr. S. Satyamurti : He said representative of India..... ?

Mr. President (The Honourable Sir Abdur Rahim) : Surely everybody knows what India is.

Mr. S. Satyamurti : I do not know, Sir.

Mr. President (The Honourable Sir Abdur Rahim) : Surely Mr. Satyamurti knows it quite as well as anybody else.

Mr. S. Satyamurti : I want to know, Sir, what India he means ? I want an answer.

(No reply.)

Mr. Mohan Lal Saksena : Do these representatives represent the Government of India ?

(No reply.)

Mr. K. Santhanam : May I know, Sir, whether these representatives take instructions from the Government of India or they express opinions just as they please ?

Mr. R. F. Mudie : I believe they are given a brief.

Mr. S. Satyamurti : By whom is the brief given ?

Mr. President (The Honourable Sir Abdur Rahim) : I don't think the Honourable Member can be asked to answer that. He has already answered the question, and said he is unable to give any further information.

Mr. R. F. Mudie : They are supplied with a brief obviously by the Government of India.

Mr. Bhulabhai J. Desai : Is it obviously or it is a fact ?

Mr. R. F. Mudie : Both.

Mr. S. Satyamurti : A question has been put, and the Honourable Member owes it to you, Sir, that he should get up and say what he has to say. If he cannot answer the question, let him say so. What is the idea of sitting down and murmuring from his place ? It is very awkward. May I know, Sir, why they are called representatives, and how they are called representatives of the people of India ?

Mr. R. F. Mudie : Because they represent.

Mr. S. Satyamurti : I can't hear a word of what the Honourable Member says ; he simply murmurs. Even from this place, we can't hear a word of what he says.

Sardar Sant Singh : We do not hear what is said there.

PROPOSAL TO INCREASE RAILWAY FREIGHTS.

124. ***Mr. S. Satyamurti** : Will the Honourable the Railway Member be pleased to state :

- (a) whether there is any proposal to increase railway freights all round by five per cent. on the Indian Railways in the beginning of the financial year 1938-39 ;
- (b) whether, before Government make up their minds on this matter, they will consult the Chambers of Commerce—Indian and European—and all other relevant interests ; and
- (c) whether they propose to make careful calculations of the effect of such increase on railway finance, before they finally make up their minds in the matter ?

The Honourable Sir Saiyid Sultan Ahmad : (a) The question of improving the condition of railway finances by rate and fare adjustments is constantly under consideration and the feasibility of an all-round increase to meet the rising costs of operation due to the recent increase in commodity and coal prices is under examination.

(b) The suggestion of the Honourable Member will receive consideration if it is decided to proceed with the matter.

(c) Yes.

Mr. B. Das : Before enhancing the rates, will the Honourable the Commerce Member kindly consult the various Chambers of Commerce in India ?

The Honourable Sir Saiyid Sultan Ahmad : We will take all steps that we consider necessary in this connection.

Mr. B. Das : May I know if the Chambers of Commerce have been addressed so far in this matter ? Have any of the Chambers of Commerce been addressed so far ?

The Honourable Sir Saiyid Sultan Ahmad : I said that if it is decided to proceed with the matter, the suggestion will receive consideration.

Prof. N. G. Ranga : Will Government also give an opportunity to agricultural interests to express their opinion before taking any definite steps in this matter ?

The Honourable Sir Saiyid Sultan Ahmad : The question does not arise from the answer.

Prof. N. G. Ranga : Yes it does arise, Sir, because in part (b) it is asked whether, before Government make up their minds on this matter, they will consult the Chambers of Commerce—Indian and European,—and all other relevant interests. So I ask whether Government will be good enough to consult agricultural interests also in this matter ?

Mr. President (The Honourable Sir Abdur Rahim) : It is not in the question ; the Honourable Member cannot put that question which is not in the main question.

Mr. S. Satyamurti : Yes, Sir, it is there. It is said in the question "all other relevant interests", and relevant interests include agricultural interests also.

The Honourable Sir Saiyid Sultan Ahmad : It will receive consideration.

Mr. K. Santhanam : May I know whether you will consult this House before taking action ?

The Honourable Sir Saiyid Sultan Ahmad : No.

Mr. T. S. Avinashilingam Chettiar : Why not ?

Mr. Mohan Lal Saksena : Will you consult the Standing Railway Finance Committee or the Central Railway Advisory Council ?

The Honourable Sir Saiyid Sultan Ahmad : That will receive consideration.

Mr. M. Ananthasayanam Ayyangar : May I know from the Honourable Member if the whole question of rates and fares is under consideration, or only the question of increasing the rates and fares is under consideration ?

The Honourable Sir Saiyid Sultan Ahmad : I submit this question does not arise either from the original question or from my answer. The question was whether there was any proposal to increase the railway freight by five per cent. and I have given my answer on that.

Mr. S. Satyamurti : The Honourable Member's answer was that the whole question of revising the rates and fares was engaging his attention.

The Honourable Sir Saiyid Sultan Ahmad : The whole question as put in part (a) of the question.

CREATION OF THE FEDERAL RAILWAY AUTHORITY.

125. ***Mr. S. Satyamurti** : Will the Honourable the Railway Member be pleased to state :

- (a) when the Federal Railway Authority will be created ;
- (b) whether any legislation will be placed before the Assembly in respect of this matter, and if not, why not ; and
- (c) where the office will be located, and what its cost will be ?

The Honourable Sir Saiyid Sultan Ahmad : (a) Government are unable at present to state a definite date.

(b) Government as at present advised consider that it is not necessary to introduce any legislation in the Legislative Assembly till such time as the Federal Railway Authority has been constituted.

(c) As regards the first part, the location of the office will be decided when the Federal Railway Authority is constituted. As regards the second part, information regarding the cost is not available as the details have not yet been settled.

Mr. S. Satyamurti : With reference to the answer to part (a) of the question, may I know whether the Government have come to a conclusion at least on this matter, that is to say, to create an authority, either before or after the Federation ?

The Honourable Sir Saiyid Sultan Ahmad : We have come to no definite conclusion about it.

Mr. S. Satyamurti : With reference to the answer to part (b) of the question, may I know whether the Government have examined this matter, from the point of view of all relevant powers and authorities for the administration of railways, and have come to the conclusion that, as the Government of India Act, 1935, stands, there is no need for any supplementary legislation at all by this House ?

The Honourable Sir Saiyid Sultan Ahmad : That is the present advice given to the Government of India.

Mr. B. Das : The Honourable Member has introduced in connection with the Federal Railway Authority a supplementary Bill to amend the Indian Railways Act giving power to fix the maxima and minima fares. But the Honourable Member just now said that no legislation is contemplated.

The Honourable Sir Saiyid Sultan Ahmad : I do not understand the question.

Mr. S. Satyamurti : May I know, in view of the answer he gave to my supplementary question to part (b) of the main question, the reasons why Government have introduced before the House a Bill with reference to the conferring of certain powers on the Federal Railway Authority ?

The Honourable Sir Saiyid Sultan Ahmad : As I told the House, this is the decision of the Government at present on the advice that has been given.

If there are other matters which have to be considered before the decision could be adhered to, we will take advice and act on it, but at present that is the advice that we have got.

Mr. S. Satyamurti : I am sorry I have not made myself understood. There is a Bill in the Honourable Member's name which is coming up. I do not know whether my Honourable friend is aware of it or not. Having regard to the answer which my Honourable friend has given, what are the reasons for bringing forward this Bill ?

The Honourable Sir Saiyid Sultan Ahmad : I think an answer will be given when that Bill comes up either tomorrow or next week as to the objects and reasons why we have brought forward that Bill.

Mr. S. Satyamurti : With reference to the answer to part (c) of the question, may I know that the answer means that this question of the location of the office will not be decided, until the Federal Railway Authority are constituted and themselves decide this matter ?

The Honourable Sir Saiyid Sultan Ahmad : All that I can say is that at present there has been no decision.

Mr. S. Satyamurti : I thought the answer was that the question will be decided by the Federal Railway Authority. Am I right so far ?

The Honourable Sir Saiyid Sultan Ahmad : As regards the first part, yes.

Mr. S. Satyamurti : May I take it, therefore, that the question of the location will be decided by the Federal Railway Authority ?

The Honourable Sir Saiyid Sultan Ahmad : Most likely.

Mr. S. Satyamurti : With regard to the second portion of part (c) of the question, may I know whether the Government have made no estimate at all, even approximately, of the cost of this Federal Railway Authority ?

The Honourable Sir Saiyid Sultan Ahmad : No.

BRITISH INDIAN TRADE RETURNS AND INDIA'S BALANCE OF TRADE.

126. ***Mr. S. Satyamurti :** Will the Honourable the Commerce Member be pleased to state :

- (a) what the British Indian Trade Returns are for the month of July ;
- (b) whether the balance of trade is becoming more and more favourable to India ; and
- (c) whether Government propose carefully to watch the situation and take steps to see that the position does not deteriorate, but increase ?

The Honourable Sir Saiyid Sultan Ahmad : (a) During the month of July, 1937, imports of merchandise amounted to Rs. 14.12 lakhs and exports to Rs. 17.36 lakhs.

(b) Yes.

(c) Government are always watching the course of India's export trade and are prepared to take any steps which, in their opinion, are necessary in its interests.

Mr. S. Satyamurti : With reference to the answer to part (a) of the question—I do not press him if he cannot give it—has my Honourable friend got any later figures than the end of July ?

The Honourable Sir Saiyid Sultan Ahmad : No. I have not got.

Prof. N. G. Ranga : Is this favourable balance of trade due to any increase in the exports of gold from India ?

The Honourable Sir Saiyid Sultan Ahmad : I have not got that information.

Mr. S. Satyamurti : Does this item 'merchandise' include exports of gold ?

The Honourable Sir Saiyid Sultan Ahmad : As far as I understand, it is excluded.

Seth Govind Das : Will the Honourable Member state the reasons which he thinks are responsible for this increase in exports ?

The Honourable Sir Saiyid Sultan Ahmad : The answer that I have given is to the question that was put. This question does not arise from the answer. If my Honourable friend wants the reasons I will enquire.

Mr. S. Satyamurti : Has the Honourable Member got any figures with regard to the export of gold, up to the end of July this year ?

The Honourable Sir Saiyid Sultan Ahmad : No.

SALE OF UNAUTHORISED MEDICINES IN THIRD CLASS CARRIAGES.

127. ***Mr. Sham Lal :** Will the Honourable Member for Commerce and Railways be pleased to state :

- (a) whether Government are aware that medicine-vendors are sometimes found to be advertising their unauthorized medical preparations and selling them off to credulous passengers with the help of their glib tongue in third class carriages of travelling railway trains ;
- (b) if so, whether these medicine-vendors obtain proper license from the Railway Administration for doing so on any of the Railways ; and
- (c) if not, whether any action is intended to be taken in this direction in the interest of public health ?

The Honourable Sir Saiyid Sultan Ahmad : (a) and (b). Government have no information.

(c) The Honourable Member's question and this reply will be brought to the notice of the Agents of Railways for such action as they deem fit.

Mr. T. S. Avinashilingam Chettiar : May I know whether under the Indian Railways Act any passenger who purchases a ticket can trade, sell or advertise things in the compartments ?

The Honourable Sir Saiyid Sultan Ahmad : I am not a lawyer at present. When I was, I used to be paid for the advice that I gave. (Laughter.)

Mr. Sri Prakasa : Is it not a fact that only those persons can carry on trade at railway platforms who have received a regular licence, and is it not a fact that a large number of persons are found selling these medical preparations, etc., without a licence ?

The Honourable Sir Saiyid Sultan Ahmad : As regards the first part, the answer is, yes. As regards the second, Government have no information.

Mr. Sri Prakasa : Surely, the Honourable Member is a constant traveller himself and he must know !

RAILWAY EMPLOYEES AND THEIR RELATIONS DETECTED TRAVELLING WITHOUT TICKETS OR PASSES.

128. ***Mr. Sham Lal :** Will the Honourable Member for Commerce and Railways be pleased to state :

- (a) the number of railway employees detected during the last financial year travelling without railway tickets or railway passes on different Indian Railways respectively ;

- (b) the number of relatives of railway employees doing the same in the same period ; and

- (c) the nature of punishments inflicted upon such people ?

The Honourable Sir Saiyid Sultan Ahmad : (a), (b) and (c). I would refer the Honourable Member to the reply given to his starred question No. 880 on the 27th February, 1936. The majority of Railways do not maintain any record of the number of such cases.

Mr. Sri Prakasa : Will the Honourable Member issue a sort of circular letter to the railway employees that even if they are travelling without tickets they may kindly make room for *bonâ fide* passengers and not spread their legs purposely whenever they find *bonâ fide* passengers coming in ? I speak from experience. (Laughter.)

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

PREFERENCE ACCORDED TO THE RELATIVES OF RAILWAY EMPLOYEES FOR APPOINTMENT IN THE RAILWAY SERVICES.

129. ***Mr. Sham Lal :** Will the Honourable Member for Commerce and Railways be pleased to state :

- (a) whether it is a fact that near relatives of railway employees are being accorded preferential treatment in the matter of appointment to various posts in different Railways, other qualifications of candidates being similar or equal ;
- (b) whether Government are aware that vested interests are being created in this way to the discontentment of many other youngmen in these days of unprecedented unemployment ; and
- (c) if so, whether any action is intended to be taken in the matter ?

The Honourable Sir Saiyid Sultan Ahmad : (a) The Honourable Member's attention is invited to rule 63 of the Rules for the recruitment and training of subordinate staff on State-managed Railways, a copy of which is in the Library of the House.

- (b) This is a matter of opinion.

- (c) Does not arise.

Mr. Sham Lal : Why should preference be given to relations of railway employees ?

The Honourable Sir Saiyid Sultan Ahmad : I again draw the attention of the Honourable Member to rule 63 of the Rules.

Mr. K. Santhanam : Will you consider a change of these rules ?

The Honourable Sir Saiyid Sultan Ahmad : No.

Mr. M. Ananthasayanam Ayyangar : May I know what is the maximum salary of the higher subordinate staff ?

Mr. President (The Honourable Sir Abdur Rahim) : That does not arise out of the question.

Pandit Nilakantha Das : Are there any regulations regulating this preference to relatives of the employees in the railways ?

The Honourable Sir Saiyid Sultan Ahmad : The rules are there.

EMBARGO ON THE IMPORT OF INDIAN GROUND-NUTS TO THE UNITED KINGDOM.

130. ***Mr. Badri Dutt Pande :** Will the Honourable Member for Commerce and Railways state :

(a) if the United Kingdom has put an embargo on the import of Indian ground-nuts ;

(b) if so, why ; and

(c) what amount of ground-nuts used to be exported every year from India to the United Kingdom ?

The Honourable Sir Saiyid Sultan Ahmad : (a) Government have no information, and have no reason to believe that any such embargo has been proposed.

(b) Does not arise.

(c) Exports of ground-nuts from British India to the United Kingdom during the years 1935-36 and 1936-37 were 62,000 and 84,000 tons, respectively.

Mr. S. Satyamurti : With reference to clause (a) of the question, apart from the specific embargo, have Government any information whether any other preferential treatment is being withheld from ground-nuts ?

The Honourable Sir Saiyid Sultan Ahmad : No ground-nuts, as far as I know.

Mr. S. Satyamurti : Have the Government received any representation from the South Indian Chamber of Commerce, in regard to this matter ?

The Honourable Sir Saiyid Sultan Ahmad : Not as regards ground-nuts.

Mr. S. Satyamurti : Have the Government made any inquiries to find out whether there has been any fall in the exports of ground-nuts to the United Kingdom from India, since the beginning of this year ?

The Honourable Sir Saiyid Sultan Ahmad : I have no information.

COMMUNAL PROPORTION OF MUSLIMS IN RAILWAY SERVICES.

131. ***Bhai Parma Nand :** (a) Will the Honourable the Railway Member please state if it is a fact that the circular given below was issued last year :

"Some difficulty has been experienced by certain Loco-Foremen in the booking of cleaners as Firemen with a view to observing communal proportions. As such the following order is ruled for adoption in sheds when making such appointments up to the number of ten ; this very order being followed for making every successive

ten appointments :

Two Muslims

One Hindu

One Muslim

One Sikh, Indian Christian and Parsi

One Muslim

One Hindu

One Muslim

One Domiciled European and Anglo-Indian

One Muslim."

(b) Is it not a fact that this order will adversely affect the promotions of persons in service which is against the intention of the Government Order fixing the communal proportion for recruitment only ?

(c) What is the communal proportion of Muslims in Railway Services ? How is it that six out of ten appointments go to Muslims and only two to Hindus ?

The Honourable Sir Saiyid Sultan Ahmad : (a) Government have not seen any such circular as mentioned by the Honourable Member.

(b) No. I may add for the information of the Honourable Member that according to paragraph 5 (b) of the memorandum of supplementary instructions connected with the orders contained in the Government of India, Home Department, Resolution No. F. 14/17-B.33-Ests., dated the 4th July, 1934—a copy of which is in the Library of the House—an inferior railway servant, if appointed to a post in the subordinate service, is treated as a direct recruit. Cleaners are in inferior service and firemen are in subordinate service.

(c) The Honourable Member is referred to Government of India, Railway Board's letter No. E.34-C. M.113, dated the 12th December, 1934, regarding the representation of Muslims and other minority communities in the railway subordinate services, addressed to the Agents, North Western and Eastern Bengal Railways, a copy of which is in the Library of the House.

Sardar Sant Singh : Now that this circular has been in force for the last three years, are the Government prepared to examine the effect on the recruitment of minorities in view of the fact that the Sikhs are given very low place in the Punjab ?

The Honourable Sir Saiyid Sultan Ahmad : I am not prepared to answer this question. If my Honourable friend has any grievance, he can bring the matter up by means of a Resolution or otherwise.

Sardar Sant Singh : Can I not bring it to the notice of the Government at this time ?

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member has not got the information.

Sardar Sant Singh : Are the Government prepared to examine the effect of the circular during the last three years in which it has been in force ?

The Honourable Sir Saiyid Sultan Ahmad : We examine this matter almost every year.

Sardar Sant Singh : May I know what conclusions the Government have reached as regards Sikhs in the railway services ?

The Honourable Sir Saiyid Sultan Ahmad : No inquiry is contemplated yet.

Dr. Ziauddin Ahmad : Also as regards Muslims ?

Bhai Parma Nand : May I know, if a man is promoted from the subordinate service to the superior service, it is considered a new recruitment ?

The Honourable Sir Saiyid Sultan Ahmad : I have said : an inferior railway servant, if appointed to a post in the subordinate service, is treated as a direct recruit.

Mr. Sri Prakasa : May I know how the Government find out the exact religion of an individual ? Do Government subject every individual to some sort of physical, moral or mental examination ? (Laughter.)

VACANCIES OF RELIEF CLERKS ON THE NORTH WESTERN RAILWAY.

132. ***Bhai Parma Nand :** Will the Honourable Member for Railways be pleased to state :

- (a) if it is a fact that according to an advertisement in the *Civil and Military Gazette*, Lahore, dated the 15th July, 1937, 25 vacancies of Relief Clerks in the North Western Railway are to be filled up ;
- (b) is it a fact that the Number-Takers have been promised by the Agent, North Western Railway, in his letters No. 5228/1, dated the 26th June, 1935, 16th February, 1931 and 19th November, 1932, that their cases would be considered for such vacancies ;
- (c) is it a fact that for the above vacancies their claim is being overlooked on the plea of being over age ? If so, how can this plea hold good in the case of men already in service ?

The Honourable Sir Saiyid Sultan Ahmad : (a) Yes.

(b) and (c). These are matters of detailed administration within the competence of the Agent, North Western Railway, to whom a copy of the question has been sent for such action as he may consider necessary.

NOMINATION OF OFFICIAL MEMBERS FROM THE PROVINCES TO THE INDIAN LEGISLATIVE ASSEMBLY.

133. ***Sardar Mangal Singh :** Will the Honourable the Leader of the House please state whether or not it is a fact that the Government of

India have asked all the Provincial Governments to recommend their officials for nomination to the Central Assembly on the condition that they would obey the Whip of the Central Government ?

The Honourable Sir Nripendra Sircar : The Provincial Governments of all Provinces from which officials were made available for nomination to the Assembly under the old régime were given a free option between—

- (1) continuing to make officials available for nomination on the basis that they would be subject in respect of speech and vote to the control of the Central Government, and
- (2) ceasing to make officials available for nomination.

NOMINATION OF OFFICIAL MEMBERS FROM THE PROVINCES TO THE INDIAN LEGISLATIVE ASSEMBLY.

134. ***Sardar Mangal Singh :** Will the Honourable the Leader of the House please state :

- (a) which Provincial Governments have agreed to recommend their officials for the nomination of the Central Assembly ;
- (b) which Provincial Governments have agreed to instruct their members to take their instructions from the Honourable the Leader of the House ; and
- (c) whether or not it is a fact that the Punjab Government have allowed its official to be nominated on the proposition that he would generally obey the instructions of the Leader of the House ?

The Honourable Sir Nripendra Sircar : (a), (b) and (c). The option given to Provincial Governments being between making officials available on the basis of control by the Central Government and not making officials available at all, agreement on the point mentioned in part (a) carries with it agreement on the point mentioned in part (b). The Provincial Governments exercising their option in favour of the first named alternative were the Governments of Bengal, the Punjab, and Assam and, in respect of the current Session only, the Governments of Madras and Sind. I should add that in the case of the Madras Government the exception in favour of the current Session was made by the Congress Ministry owing to their reluctance to disturb an arrangement entered into by the preceding Ministry.

Mr. Lalchand Navalrai : May I know from the Honourable Member what are the reasons for some Local Governments not sending their men to be nominated here ?

The Honourable Sir Nripendra Sircar : They were given a free choice and they were asked to choose one of two alternatives. What worked upon their mind is a matter for them, I cannot answer for them.

Mr. Lalchand Navalrai : Have the Government of India inquired what are the reasons for not doing so ?

The Honourable Sir Nripendra Sircar : No, Sir. They do not want to.

Mr. Lalchand Navalrai : Why not ?

The Honourable Sir Nripendra Sircar : It will be wholly unnecessary and also impertinent.

Mr. Muhammad Azhar Ali : May I know whether it is a fact that the Leader of the House instructs them as to their votes ?

The Honourable Sir Nripendra Sircar : I don't know how that arises as a supplementary question out of this.

Mr. S. Satyamurti : Part (b) of the question says : which Provincial Governments have agreed to instruct their members to take their instructions from the Honourable the Leader of the House ? This question has been admitted by you, and my friend Mr. Azhar Ali's question arises out of this.

The Honourable Sir Nripendra Sircar : The matter has been correctly admitted and therefore no supplementaries are necessary.

Mr. S. Satyamurti : Do Government intend to continue the present arrangement, so long as the present Legislature lasts ?

The Honourable Sir Nripendra Sircar : I cannot undertake to express an opinion as to what we shall do in future. We retain the liberty of changing our opinion every day.

Mr. Bhulabhai J. Desai : Does that opinion change in the right direction ?

The Honourable Sir Nripendra Sircar : Always.

Mr. S. Satyamurti : Never !

Mr. Mohan Lal Saksena : May I know what will be the functions of the representatives of these Provincial Governments here if they cannot represent the views of their Governments ?

The Honourable Sir Nripendra Sircar : Have I got to answer ?

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

RECRUITMENT OF AN EXPERT TO SERVE AS THE COMMERCIAL ADVISER TO THE RAILWAY BOARD.

135. ***Sardar Mangal Singh :** Will the Honourable Member for Commerce and Railways please state :

- (a) whether it is a fact that in consequence of the recommendations made by the Wedgwood Enquiry Committee the Government of India intend to recruit an expert to serve as the Commercial Adviser to the Railway Board ;
- (b) whether that expert is to be an Indian or he is to be imported from some foreign country ;
- (c) whether he is to come from England or the United States of America ;
- (d) whether the commercial Indian opinion has been sounded in this matter ; and
- (e) whether Government is prepared to appoint an Indian of requisite qualifications to this post ? If not, why not ?

The Honourable Sir Saiyid Sultan Ahmad : (a) to (e). The recommendations made by the Wedgwood Enquiry Committee are still under consideration of the Government of India and statements in this connection will be made by me tomorrow.

(CREATION OF THE FEDERAL RAILWAY AUTHORITY.

136. ***Sardar Mangal Singh :** Will the Honourable Member for Commerce and Railways please state :

- (a) when the Railway Authority is to be constituted ; and
- (b) whether this House would be consulted in this matter ?

The Honourable Sir Saiyid Sultan Ahmad : (a) I would refer the Honourable Member to the reply given by me to part (a) of starred question No. 125, asked by Mr. Satyamurti today.

(b) I regret that I am unable to commit Government to any definite course of action at this stage.

Mr. S. Satyamurti : May I know whether Government have considered this matter at all, that is to say, the matter of consulting this House before they make up their minds as to when this authority will be constituted ?

The Honourable Sir Saiyid Sultan Ahmad : Yes.

REDUCTION OF FREIGHT ON SUGAR ON THE NORTH WESTERN RAILWAY.

137. ***Sardar Mangal Singh :** Will the Honourable Member for Commerce and Railways please state :

- (a) from what stations the freight rate on sugar has been reduced and how much ;
- (b) whether Government propose to reduce the freight rate on sugar produced in mills on the North Western Railway also ; and
- (c) whether the freight rate on sugar from ports is also to be reduced ?

The Honourable Sir Saiyid Sultan Ahmad : (a) Details of the reduced rates quoted for sugar are contained in the Goods Tariffs of the different Railways. A very large number of such rates are quoted and to compile a list of them all and to show by how much each had been reduced would involve expenditure of considerable time and labour not commensurate with the object to be attained.

(b) The matter is within the competence of the Agent, North Western Railway, and Government are not advised beforehand of the intentions of Railways to manipulate rates within the maxima and minima in particular cases. The Honourable Member's question and this answer will be sent to the Agent.

(c) There is no general proposal to reduce rates for sugar from the ports.

Mr. Sami Vencatachellam Chetty : Is the Honourable Member aware that the recent reductions in the freightage on sugar has affected the local market of Madras ?

The Honourable Sir Saiyid Sultan Ahmad : I have no such information.

REDUCTION OF FREIGHT FOR THE TRANSPORT OF CATTLE FROM DELHI TO MADRAS.

138. ***Mr. C. N. Muthuranga Mudaliar :** (a) Will the Honourable Member for Commerce and Railways be pleased to state if it is a fact that milch cattle, cows and buffaloes are imported into Madras from certain parts from among other places in Delhi ?

(b) What is the freight rate for the transport of such cattle (to be stated separately for cows and buffaloes) from Delhi to Madras ?

(c) Are Government prepared to consider the desirability of reducing the existing freight rates by 50 per cent. or considerably ?

The Honourable Sir Saiyid Sultan Ahmad : (a) Government have no details of the points of origin of imports of milch cattle, cows and buffaloes, into Madras.

(b) The freight rate for cows and buffaloes from Delhi to Madras is Rs. 360 per 4-wheel wagon, which covers ten cows or buffaloes without calves.

(c) The matter is within the competence of the Agents of the Railways concerned, viz., Great Indian Peninsula Railway, His Exalted Highness the Nizam's Railway and the Madras and Southern Mahratta Railway. The rate is already low (four annas per wagon mile), but the Honourable Member's question and this reply will be sent to the Agents concerned for consideration.

(b) WRITTEN ANSWERS.

EXTENSION OF THE ASSAM-BENGAL RAILWAY LINES TO CERTAIN CENTRES.

119. ***Maulvi Abdur Rasheed Chaudhury :** (a) Will the Honourable Member in charge of Railways please state whether a survey was made to find the suitability of connections (1) Maulvibazar with Srimangal and Kulaura (2) Chatak with Sylhet (3) Sunamganj with Sylhet and, if so, with what result ?

(b) Are Government aware that Chatak is a very important commercial centre and both Maulvibazar and Sunamganj are important administrative centres and that there is a great demand for connecting these centres with the Assam Bengal Railway system ? Are Government prepared to undertake an enquiry with a view to extending Assam Bengal Railway lines to these centres ?

The Honourable Sir Saiyid Sultan Ahmad : (a) Surveys have been made, at various times, of the Srimangal-Maulvibazar-Kulaura and Sylhet-Chatak projects, but they have not been found to be financially justifiable. No special survey appears to have been made of the section beyond Chatak to Sunamganj which has been proposed to be served by a road.

(b) Government have no doubt that the facts are as stated, but in view of the position as explained above, they do not consider that further enquiries are justified.

PLACING OF CHITTAGONG AND DACCA DIVISIONS UNDER THE ASSAM-BENGAL RAILWAY.

120. ***Maulvi Abdur Rasheed Chaudhury :** (a) Will the Honourable Member in charge of Railways please state why Chittagong and Dacca Divisions of the Province of Bengal have been placed under the Assam Bengal Railway, although these divisions do not form part of Assam ?

(b) Are Government aware that the fares and freights of Assam Bengal Railway are much higher than those of Eastern Bengal Railway and consequently people of Chittagong and Dacca Divisions have got to pay more for fare and freight than their brethren in other parts of Bengal ?

The Honourable Sir Saiyid Sultan Ahmad : (a) The A. B. Railway, as its title indicates, is not organised on a Provincial (Assam) basis and the sections of line in the Chittagong and Dacca divisions of the Bengal Presidency are integral parts of the A. B. Railway system.

(b) The scale of passenger fares on different Railways has been determined generally by each Administration after consideration of the financial and other conditions of their systems.

The basis of goods rates is generally the same on the A. B. and E. B. Railways, though rates below the maxima may vary depending upon the necessity for each Railway to reduce rates to meet different, including competitive, conditions.

The average rate per mile for goods and passengers in 1935-36 charged by the A. B. and E. B. Railway (Metre gauge section) compares as follows :

	Average rate charged per ton per mile goods.	Average rate charged per passenger per mile.
Assam Bengal Railway	7.33 pies.	3.69 pies.
Eastern Bengal Railway (metre gauge)	8.25 pies.	3.24 pies.

FARE BETWEEN SYLHET AND CHANDPUR AND INTRODUCTION OF RETURN TICKET SYSTEM BETWEEN CERTAIN STATIONS ON THE ASSAM-BENGAL RAILWAY.

121. ***Maulvi Abdur Rasheed Chaudhury :** (a) Will the Honourable Member in charge of Railways please state the distance between Sylhet and Chandpur of the Assam Bengal Railway, the third, intermediate and upper class fare between Sylhet and Chandpur and compare these fares for a similar distance in the Eastern Bengal Railway and the East Indian Railway ?

(b) Will Government please state why the fare is higher for this distance in the Assam Bengal Railway ?

(c) Will Government please state why there is no return ticket system between Sylhet and Chandpur, between Sylhet and Chittagong, between Sylhet and Dacca, and Sylhet and Mymensingh? Are Government prepared to take steps to instruct the Assam Bengal Railway authorities to introduce return ticket system between these and other places as is the system in the Eastern Bengal Railway and East Indian Railway and other Railways?

The Honourable Sir Saiyid Sultan Ahmad : (a) The distance between Sylhet and Chandpur on the A. B. Railway is 186 miles. The fares between these stations compare as follows with the ordinary fares for a similar distance on the Eastern Bengal Railway and East Indian Railway :

	A. B. Railway.	E. B. Railway.	E. I. Railway.
	Rs. A. P.	Rs. A. P.	Rs. A. P.
Upper class	17 7 0	..	..
1st class	..	22 2 0	21 7 0
2nd class	..	13 9 6	10 12 0
Inter class	4 0 0	4 13 6	5 1 0
Third class	3 0 0	3 6 3	2 14 0

(b) The fares on different Railways are fixed by the Administrations having regard to financial and other considerations.

(c) Many return tickets are issued over the A. B. Railway, as will be seen from pages 75 to 81 of the Assam Bengal Railway Time Table. The question of return tickets to be issued by this Railway is for the Administration to consider, and Government are not prepared to issue instructions on the matter, but a copy of the Honourable Member's question and this reply will be forwarded to the Agent of the Railway for consideration.

UNSTARRED QUESTIONS AND ANSWERS.

EXPLOSION OF GUNPOWDER AT THE TAXILA RAILWAY STATION.

16. **Mr. Badri Dutt Pande :** (a) Will the Honourable Member in charge of Commerce and Railways be pleased to state what was the cause of a serious explosion of gunpowder that occurred at the Taxila Railway Station on June 27, 1937?

(b) How many persons were killed, and were the coolies employed by a contractor or by the Railway Department?

(c) Has any enquiry been made and compensation given to the families of the poor victims?

The Honourable Sir Thomas Stewart : The question does not concern the Honourable Member in charge of Commerce and Railways but concerns me :

(a) The accident occurred not in Taxila railway station but in a private gunpowder factory situated at about a quarter of a mile from the railway station premises. The accident is reported to have been caused by a spark from an over-heated grindstone igniting the gunpowder dust in the air.

(b) Twelve persons were killed. They were in the employ of the owner of the factory.

(c) An enquiry into the accident was made by the Inspector of Explosives and also by the police. I have no information whether any compensation has been paid to the families of the deceased persons.

NEW OFFICES LOCATED IN NEW AND OLD DELHI AND REPORT OF THE DEPARTMENTAL COMMITTEE APPOINTED TO CONSIDER THE QUESTION OF ACCOMMODATION IN SIMLA FOR THE FEDERAL GOVERNMENT.

17. **Mr. Badri Dutt Pande :** (a) Will the Leader of the House state what new offices are being located in New and Old Delhi?

(b) Will Government lay on the table of the House the report of the Departmental Committee appointed to consider the question of accommodation in Simla for the Federal Government or give the House a gist of the recommendations made?

The Honourable Sir Nripendra Sircar : The first part of the question should have been addressed to the Honourable Member in charge of the Home Department and the second part to the Honourable Member in charge of Industries and Labour. I have, however, ascertained with reference to part (b) of the question that the Committee referred to has not yet reported.

CONSTRUCTION OF THE SIND-BOMBAY RAILWAY.

18. **Mr. Badri Dutt Pande :** (a) Will the Honourable Member in charge of Commerce and Railways state if he has received a representation from the Indian Mercantile Community of Karachi regarding the construction of the Sind-Bombay Railway?

(b) If so, what are the prospects of this connection being constructed in the near future?

(c) What would be the approximate cost?

(d) Has it been considered whether this connection will be a success commercially?

The Honourable Sir Saiyid Sultan Ahmad : (a) Government have received a number of representations from the Karachi Indian Merchants' Association and the Buyers and Shippers Chamber of Karachi recommending the construction of the Sind-Bombay Railway.

(b) and (d). The prospects of this line being a success commercially have been carefully examined but its construction cannot be justified financially.

(c) Rs. 533 lakhs.

JAMALPUR STATION ON THE EAST INDIAN RAILWAY.

19. **Mr. Suryya Kumar Som** : (a) Will the Honourable Member for Commerce and Railways please state whether Jamalpur on the East Indian Railway is a District or Sub-divisional town and what its population is exclusive of the railway servants ?

(b) What is the volume of passenger and goods traffic at this station ?

(c) Is it a European and Eurasian colony of the East Indian Railway ?

The Honourable Sir Saiyid Sultan Ahmad : (a) The Census of India, 1931, shows Jamalpur as a town in the Sadr Sub-division of Monghyr District with a total population of 30,346. The number of railway servants is not known.

(b) Information is being obtained from the Railway Administration and will be laid on the table in due course.

(c) Not exclusively. There is a large workshop colony of all communities at Jamalpur.

EXPENDITURE ON THE CONSTRUCTION OF LUCKNOW AND CAWNPORE RAILWAY STATIONS.

20. **Mr. Suryya Kumar Som** : Will the Honourable Member for Commerce and Railways please state the total expenditure incurred in building the Lucknow and Cawnpore stations ?

The Honourable Sir Saiyid Sultan Ahmad :

	Lakhs.
	Rs.
Lucknow	63.27
Cawnpore	75.25.

REBUILDING OF THE JAMALPUR RAILWAY STATION.

21. **Mr. Suryya Kumar Som** : Will the Honourable Member for Commerce and Railways please state whether the Jamalpur station was rebuilt recently ? If so, when and at what expense ?

The Honourable Sir Saiyid Sultan Ahmad : The rebuilding of Jamalpur station is in hand. It is estimated to cost Rs. 12.24 lakhs.

REBUILDING OF THE JAMALPUR RAILWAY STATION.

22. **Mr. Suryya Kumar Som** : (a) Will the Honourable Member for Commerce and Railways please state whether sanction of the Railway Board was taken for rebuilding the Jamalpur station and staff quarters ?

(b) What was the estimated cost sanctioned by the Railway Board and what was the actual expenditure ?

The Honourable Sir Saiyid Sultan Ahmad : (a) and (b). The following estimates have been sanctioned by the Railway Board :

	Lakhs.
	Rs.
For rebuilding Jamalpur station and buildings	12.24
For rebuilding staff quarters	11.78
Government have not yet received a report of the actual expenditure incurred.	

TOLLS CHARGED ON THE EAST INDIAN RAILWAY BRIDGE ON THE KOSI BETWEEN RAMPUR AND MORADABAD.

23. **Mr. Mohan Lal Saksena** : (a) Will the Honourable Member in charge of Commerce and Railways state if it is a fact that the rate of tolls charged on the East Indian Railway bridge on the Kosi between Rampur and Moradabad is Rs. 2 per car either way ?

(b) Are Government aware that on the Public Works Department and District Board ferries and bridges no toll is charged on the return journey if made the same day ? If so, why is not similar concession allowed on the aforesaid bridge ?

The Honourable Sir Saiyid Sultan Ahmad : Sir, with your permission I shall answer questions Nos. 23 and 24 together. The Kosi Bridge was opened in 1894. The figure of its original cost is not readily available. The amount recovered annually from tolls levied on road traffic using the bridge is believed to be about Rs. 6,000, but in the time available it has not been possible to verify this figure. The position in regard to the toll was explained in the reply given in this House to Sir Muhammad Yakub's starred question No. 301 on the 18th February, 1935. The revenue from tolls assists the Railway Department in meeting the maintenance charges of the roadway across the bridge. The Railway Department feel that these charges are not properly debitable to their revenues and that so long as they bear them, the toll is justified. Were the Local Government, who are responsible for the cost of road communications, to accept liability for these charges, it would be for them to decide whether the toll should continue or not.

TOLLS CHARGED ON THE EAST INDIAN RAILWAY BRIDGE ON THE KOSI BETWEEN RAMPUR AND MORADABAD.

24. **Mr. Mohan Lal Saksena** : (a) Will the Honourable Member in charge of Commerce and Railways state when the bridge on the Kosi between Rampur and Moradabad was constructed and what was its total cost ?

(b) How much money has been realised from the contract money for this bridge ?

For answer to this question, see answer to unstarred question No. 23.

(c) Is it a fact that no toll is levied on the Phaphamau and the Jamna Railway bridges in Allahabad and the Kashi bridge in Benares ?

(d) Why is toll at all levied on the aforesaid railway bridge and free use not allowed like the bridges referred to in part (c) ?

ACTION TAKEN ON RESOLUTIONS PASSED BY THE INDIAN LEGISLATIVE ASSEMBLY.

25. **Mr. Mohan Lal Saksena** : Will the Honourable the Leader of the House be pleased to lay on the table a statement showing the action taken by Government on the various Resolutions passed by the Legislative Assembly ?

The Honourable Sir Nripendra Sircar : The information is being collected and will be laid on the table in due course.

MOTIONS FOR ADJOURNMENT.

HUNGER-STRIKE OF THE ANDAMANS POLITICAL PRISONERS.

Mr. President (The Honourable Sir Abdur Rahim) : Order, order. There is an adjournment motion in the name of Professor Ranga, who wants to move " the adjournment of the business of the House to discuss a matter of urgent public importance, namely, the grave situation caused by the continued mass hunger-strike of the political prisoners in the Cellular Jail, Andamans. This motion is now barred.

There is also another adjournment motion in the name of Mr. Lakshmi Kanta Maitra on the same subject, and that is also now barred.

CHANGE IN THE PROSPECTUS OF THE TRAINING SHIP " DUFFERIN ".

Mr. President (The Honourable Sir Abdur Rahim) : After that, there is a motion standing in the name of Sir Muhammad Yakub. He wishes to discuss " a definite and urgent matter of public importance, namely, the change in the prospectus of the I. M. M. T. S. " Dufferin " introduced recently by the Government of India, which aims at changing the character of the institution which was to train boys for a sea career into that of an ordinary educational institution to train boys for ordinary vocations ". What is " I. M. M. T. S. " ?

Sir Muhammad Yakub (Rohilkund and Kumaon Divisions : Muhammadan Rural) : Indian Mercantile Marine Training Ship.

Mr. President (The Honourable Sir Abdur Rahim) : Is there any objection ?

The Honourable Sir Saiyid Sultan Ahmad (Member for Commerce and Railways) : Sir, I object to this on two grounds, firstly, on the ground that it is not a matter of urgent public importance. The Government announced publicly in the Council of State on the 25th February, 1937, their definite decision to make the amendments and they also published the text of the amendments, which were laid on the table of the House. This was on the 25th February, 1937, and the Assembly, as you will remember, Sir, was then sitting, so that long before the Assembly broke up, my friend had ample time and opportunity to

raise the matter during the last Session. So far as this House is concerned, it was published on the 25th February, 1937.

Mr. President (The Honourable Sir Abdur Rahim) : Published in the Gazette ?

The Honourable Sir Saiyid Sultan Ahmad : No. Since then, Government have taken no steps whatsoever to change the decision. This was the subject-matter of interpellations in the Council of State and statements were made definitely by the Secretary, Mr. Dow, at the time and he placed the whole of this changed prospectus or amendments proposed on the table.

Mr. President (The Honourable Sir Abdur Rahim) : When was that ?

The Honourable Sir Saiyid Sultan Ahmad : This was on the 25th February, 1937, and it was definitely stated that the Government were going to make these amendments and questions were put and answers given on the 25th February, 1937.

Mr. President (The Honourable Sir Abdur Rahim) : No further amendments have been made ?

The Honourable Sir Saiyid Sultan Ahmad : No, Sir, not one word. There is one other reason why I think it is barred. You will see, Sir, from page 85 of the Manual that under Rule 12, clause (iv), that " the motion must not anticipate a matter which has been previously appointed for consideration ". A Resolution has been put up for discussion in the House and we find that it is fourth on the list ballotted for already.

Mr. President (The Honourable Sir Abdur Rahim) : What place has it found ?

The Honourable Sir Saiyid Sultan Ahmad : Fourth place.

Mr. President (The Honourable Sir Abdur Rahim) : On the next Resolution day ?

The Honourable Sir Saiyid Sultan Ahmad : Yes.

Sir Muhammad Yakub : Sir, two objections have been raised by the Honourable the Railway Member to my motion for adjournment. I am at a loss to understand how my Honourable friend could say that this was not a matter of urgent public importance. He could very well have raised legal quibbles and objections to my motion but he could not say that it was not a matter of urgent public importance.

Mr. President (The Honourable Sir Abdur Rahim) : The matter was known to the public, and it ought to have been known to every Member of this House when it was published on the 25th February, 1937.

Sir Muhammad Yakub : It is quite true that not only in the Council of State but in the Legislative Assembly also the question was agitating the minds of the Members not only from February last but from a long time since they came to understand that this mischievous game of changing the prospectus of the " Dufferin " was under contemplation. Resolutions were moved in the Council of State and no doubt the Government said that they had decided to change the rules, but the rules were not changed. The rules were changed afterwards and the

[Sir Muhammad Yakub.]—

first information about the definite changing of these rules was given to the Governing Body of which I am a member in April last, after the Assembly had dispersed (Hear, hear.). Sir, I have got the authority of the Secretary of the "Dufferin" with me. In his letter he said that the amended rules were sent to the members of the Governing Body by his letter, dated the 27th June, 1937. I admit that they may have decided within their house or they may have announced it in the Council of State.

Mr. President (The Honourable Sir Abdur Rahim) : I understood that the amendments were placed before the Council of State.

Sir Muhammad Yakub : The amendments were not placed before the Council of State, but they said that they intended 12 Noon. to make such amendments. Actually, the printed amendments were not sent to the Governing Body until June and the fact that they had actually made the amendments was communicated to the Governing Body in April last after the Assembly had dispersed. So, before that the Assembly had no occasion to move a motion of adjournment. If we had a motion of adjournment in the last Session they could very well say that they had not made those amendments actually. They might have said : "We contemplate to make those amendments but we might change our minds afterwards", as the Honourable the Leader of the House said just now that the Government can change their opinions every minute or every day. Therefore, I submit that these objections are not valid.

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member must meet the objections taken. The Honourable Member stated that in the Council of State the Government had decided to make particular amendments which were then announced.

Sir Muhammad Yakub : Even if the amendments were placed in the Council of State, they would not take effect until they were published according to the rules.

Mr. President (The Honourable Sir Abdur Rahim) : They had given their decision.

Sir Muhammad Yakub : I forgot to answer the second objection raised by the Honourable Member for Commerce and Railways. My Resolution is quite different from the motion of adjournment. The motion of adjournment relates to the change in the prospectus while my Resolution relates to the non-employment of ex-cadets of the "Dufferin". So, both these subjects are quite apart from each other. The change in the prospectus is different from the question of non-employment. Therefore, my Resolution does not bar this motion.

Mr. K. Santhanam (Tanjore *cum* Trichinopoly : Non-Muhammadian Rural) : Sir, I wish to make a statement on the first point. Even after the 25th of February, 1937, there were lots of questions in the Assembly and there was a lot of dispute about it. As a result of that dispute it was expected that the Government would change their view in this matter.

Mr. President (The Honourable Sir Abdur Rahim) : An adjournment motion might or might not have been more effective at that time.

From the statement made by the Honourable Member representing the Commerce and Railway Departments it is quite clear that the Government announced their decision in the Council of State that they will make certain amendments in the rules relating to the "Dufferin", and I am also informed by the Honourable Member that no further amendments have been made. Therefore, there had been ample time to bring up the question before the Assembly if it was so advised by means of a motion of adjournment. I hold that the motion is out of order.

INADEQUATE REPRESENTATION OF MUSSALMANS IN CERTAIN PROVINCIAL CABINETS.

Mr. President (The Honourable Sir Abdur Rahim) : The next motion is by Maulvi Zafar Ali Khan to discuss "the grave constitutional crisis that has arisen as regards the ineffective and inadequate representation of the Mussalmans in the Cabinets of those Provinces where they happen to be in a hopeless minority and where their rights of representation which have been guaranteed by clause (c), section 12 of the Government of India Act of 1935 have been jeopardised by the refusal of the Governor to safeguard them". I have to inform the House that this motion has been disallowed by the Governor General on the ground that the motion relates to a matter which is not primarily the concern of the Governor General in Council.

MR. MUDIE'S ENQUIRY REPORT INTO THE BENGAL NAGPUR RAILWAY AFFAIRS.

Mr. President (The Honourable Sir Abdur Rahim) : The next motion for adjournment is in the name of Mr. Mohan Lal Saksena. He wants to discuss a definite and specific matter of urgent public importance of recent occurrence, namely, Mr. Mudie's Enquiry Report into the Bengal Nagpur Railway affairs. I suppose he does not want to move it.

Mr. Mohan Lal Saksena (Lucknow Division : Non-Muhammadian Rural) : No, Sir.

Mr. President (The Honourable Sir Abdur Rahim) : There is another motion of adjournment in the name of Mr. Mohan Lal Saksena relating to the Andamans. That is barred.

Mr. Mohan Lal Saksena : As regards the Mudie Committee report, I understand that copies of the report have not been supplied to the Honourable Members and I would like my motion of adjournment to stand over till Monday.

The Honourable Sir Saiyid Sultan Ahmad : I object to it.

Mr. President (The Honourable Sir Abdur Rahim) : If the Government object to it, I cannot help in the matter. The point may be raised at the time of the discussion.....

Mr. S. Satyamurti (Madras City : Non-Muhammadan Urban) : Will you please ask the House to give its leave ?

Mr. President (The Honourable Sir Abdur Rahim) : I do not know if any decision of mine is necessary as regards the date for the discussion of the Mudie Committee Report. But I thought that the Honourable Member (Mr. Mohan Lal Saksena) did not want to move his motion of adjournment regarding the report of the Mudie Committee.

Mr. Mohan Lal Saksena : When I said I do not want to move it, I thought that you were referring to my motion of adjournment regarding the Andamans.

Mr. President (The Honourable Sir Abdur Rahim) : Do you want to move it ?

Mr. Mohan Lal Saksena : Yes, Sir. But as the copies of the report have not been supplied, it is no use moving it today. I will see that it is moved later on by putting a short notice question.

Maulana Zafar Ali Khan (East Central Punjab : Muhammadan) : Sir, we have got a grievance on this side of the House. Nobody can hear anything. Will you please ask those Honourable Members who want to speak to get up and speak in a loud voice.

Mr. President (The Honourable Sir Abdur Rahim) : Order, order : The motion of Mr. Mohan Lal Saksena is that he wishes to discuss a definite and specific matter of urgent public importance of recent occurrence, namely, Mr. Mudie's Enquiry Report into the Bengal Nagpur Railway affairs. I understand he wants to move it.

Mr. Mohan Lal Saksena : I do not want to move it today, because the report is not available.

Mr. S. Satyamurti : We want to move it, but I am sure several Honourable Members have not yet got the copies of the report. I got my copy only yesterday, and the Leader of my party got it the day before. We request you to hold it over until the copies of the report are available to the House.

Mr. Muhammad Azhar Ali (Lucknow and Fyzabad Divisions : Muhammadan Rural) : This very morning I asked Mr. Mudie about the report and he told me that the report has been published and Members will not be supplied with copies. That is the state of affairs.

The Honourable Sir Nripendra Sircar (Leader of the House) : Sir, I do not wish to make any submission about the merits of the motion. I only wish to speak on the technical point as to whether it can stand over till Monday. The whole thing was published in the press.

Mr. S. Satyamurti : Not the whole thing. Only the extracts were published.

The Honourable Sir Nripendra Sircar : It was published in May last and copies of it were handed over yesterday. My Honourable friend, Mr. Mohan Lal Saksena, has been supplied with a copy yesterday.

Mr. Muhammad Azhar Ali : I asked for a copy today and I was told that it could not be supplied.

The Honourable Sir Nripendra Sircar : I did not say that Mr. Muhammad Azhar Ali has got a copy. I said that Mr. Mohan Lal Saksena got a copy yesterday. If he does not want to move the adjournment motion today, it cannot stand over. He can give fresh notice and then we shall see what objection there will be for that motion.

Mr. President (The Honourable Sir Abdur Rahim) : Have copies been supplied to all Honourable Members ?

The Honourable Sir Nripendra Sircar : If it is going to be the rule that whenever a motion for adjournment is moved on any document every one of the Honourable Members must have a copy, then, Sir, on various adjournment motions which were raised, for instance, on newspaper publications and so on, we do not each one of us receive a copy from the Mover of the adjournment motion. I submit that to insist on supplying copies to every Member will be setting up an unworkable and impractical procedure.

Mr. President (The Honourable Sir Abdur Rahim) : The Mover of the motion has to make himself responsible for stating the facts correctly before the House, he must be ready with all the facts before he makes his motion.

The Honourable Sir Nripendra Sircar : The Mover, Mr. Mohan Lal Saksena, has got a copy.

Mr. S. Satyamurti : May I make one submission ? The whole report was not published in the Press. Only certain extracts were published in the newspapers. My second submission is this. When a motion is made and admitted by you, the motion is discussed by the whole House. It is not discussed by one Member alone. Every Member has got to make up his mind, how to speak and how to vote on that motion. My next submission is that this motion is not based on any newspaper publication. It is based on a publication made by the Government of India. If it was based on a newspaper publication, I can quite understand that nobody can say that every Member of the House should be supplied with copies of such publication. In the present instance, this is a publication of the Government. On a matter of such great importance, when a notice of motion for adjournment is given, in order to enable the whole House to have a useful and informed discussion, every Member should be supplied with a copy.

Mr. President (The Honourable Sir Abdur Rahim) : Has any date been fixed by Government for the discussion of this report ?

Mr. S. Satyamurti : No date has been fixed with regard to this report. It is only in regard to the Wedgwood report, that a day has been allotted. This is a matter which is agitating the minds of a number of people. This report questions the *bona fides* of an *ex*-Member of this House, who is now occupying the position of a responsible Minister in Madras.

Mr. President (The Honourable Sir Abdur Rahim) : Do the Government refuse to supply any more copies ?

Mr. S. Satyamurti : The Government did not supply any copy, until it was asked for. Yesterday my Leader got a copy. Today, my Honourable friend, Mr. Muhammad Azhar Ali, says that he asked for a copy but he was refused.

Mr. President (The Honourable Sir Abdur Rahim) : You want this adjournment motion to be postponed till tomorrow on the ground that Government did not supply copies of the report to Honourable Members. But are the Government bound to supply copies to every Member ?

Mr. S. Satyamurti : I submit they are morally bound, whether they are legally bound, I do not know. There is no law. But, surely, if the Government treat the House with the respect due to it, they must supply copies. The subject-matter of the motion, namely, railway disputes, and, so on, have come before the House so often. The Government themselves appointed a committee to enquire into these disputes. In view of the suggestions made now, I submit the Government are morally bound to supply copies.

Mr. President (The Honourable Sir Abdur Rahim) : Supposing I take it up tomorrow, how does the matter stand ? They may not supply all the Members with copies.

Mr. S. Satyamurti : I suggest that it be taken up on Monday next. In the meantime, I request the Government to supply copies to all Honourable Members. You have a right to see that the business of the House is conducted intelligently and carefully ; and, from that point of view, you can certainly tell the Government that they must supply copies of the report to all Honourable Members. I suggest it may be taken up on Monday morning. All Honourable Members can read the report in the meanwhile, and then can make useful contributions to the discussion. On the merits of the motion there can be no objection. It is a technical matter. It is in your hands to waive the objection on the ground of urgency. You, yourself, Sir, have waived the objection of urgency, on one or two occasions before.

Mr. President (The Honourable Sir Abdur Rahim) : But that was on the ground that some particular information was not readily available at the time when the motion for adjournment was made.

Mr. S. Satyamurti : Similarly on this occasion, the information contained in this report is not available to all Honourable Members of this House, as it ought to be. Therefore, my submission to you is this.

Mr. President (The Honourable Sir Abdur Rahim) : When was the notice of this motion given ?

Mr. S. Satyamurti : I believe on the 23rd August.

The Honourable Sir Nripendra Sircar : I will not enter into any further arguments. We have no more copies available to be supplied. We do not propose to supply and we cannot supply any more copies even if the matter is allowed to stand over till Monday.

Mr. Mohan Lal Saksena : I am prepared to supply extracts from this report on Monday morning to all Honourable Members.

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member ought to have done that before.

Mr. Mohan Lal Saksena : How could I have done it without reading the report ?

Mr. President (The Honourable Sir Abdur Rahim) : Then how did you happen to give notice of this motion if you had not read the report ?

Mr. Bhulabhai J. Desai (Bombay Northern Division, Non-Muhammadan Rural) : Because we saw short extracts of the report in the newspapers.

Mr. President (The Honourable Sir Abdur Rahim) : I think this cannot stand over till tomorrow or till Monday next.

Mr. Mohan Lal Saksena : In that case, I will move it today.

The Honourable Sir Saiyid Sultan Ahmad : Sir, I have another objection to raise with regard to this motion. The House is now asked to consider Mr. Mudie's report with respect to the B. N. railway affairs. So far as the Government are concerned, there is no motion condemning their action. The report was submitted by Mr. Mudie as he was appointed to consider whether after the settlement of a certain strike in the Bengal Nagpur Railway, the settlement had been implemented by the Agent of that railway. He has submitted his report and it has been published. The report is in the hands of Honourable Members.

Some Honourable Members : No, no.

The Honourable Sir Saiyid Sultan Ahmad : Sixty-five copies have already been made over to Honourable Members.

Some Honourable Members : Not to the non-official Members. Perhaps they were handed over to Government Members.

Mr. President (The Honourable Sir Abdur Rahim) : To whom were the copies distributed ?

The Honourable Sir Saiyid Sultan Ahmad : I am sorry I made a mistake. These copies were sent to the Press as well as to some of the Members.

Mr. President (The Honourable Sir Abdur Rahim) : How many copies were actually distributed ?

The Honourable Sir Saiyid Sultan Ahmad : Every one who asked for a copy was supplied with one.

Prof. N. G. Ranga (Guntur *cum* Nellore : Non-Muhammadan Rural) : Myself and my Honourable friend, Mr. Gadgil, asked for copies. We were not supplied. Just now my Honourable friend, Mr. Muhammad Azhar Ali, said that he too was not supplied with a copy when he asked for the same.

Mr. President (The Honourable Sir Abdur Rahim) : I want to know the number of copies that has been supplied.

The Honourable Sir Saiyid Sultan Ahmad : Some copies were supplied. My other objection is this. It is not suggested in the motion for adjournment as to why this report is to be considered by the House. If it is to pass a vote of censure upon the Government for any action that they have done, it should have been mentioned in the notice. No mention is made of it in the motion at all.

Mr. President (The Honourable Sir Abdur Rahim) : Is there any precedent for a motion of this sort ? Was there any adjournment motion to consider the report of an enquiry like this ?

The Honourable Sir Nripendra Sircar : Not that I know of.

Mr. President (The Honourable Sir Abdur Rahim) : I want to know from the Honourable Member, Mr. Mohan Lal Saksena, what answer he has for the objections raised. Is there any precedent for such a motion ?

Mr. Mohan Lal Saksena : I think there was a motion for adjournment relating to the Otto Niemeyer enquiry report. There was also a motion for adjournment regarding the findings of the Amery tribunal, if I remember aright.

Mr. N. M. Joshi (Nominated Non-Official) : May I rise to a point of order ? This officer, Mr. Mudie, was appointed by the Government of India to enquire into certain allegations made by the President of the Bengal Nagpur Railway Labour Union. When an officer was appointed to enquire into the allegations, the Labour Union expected that certain of their grievances would be removed by the Government of India after the report was received. These grievances were not addressed....

Mr. President (The Honourable Sir Abdur Rahim) : But that is not mentioned in the notice.

Mr. N. M. Joshi : But the report deals with all those grievances.

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member can give fresh notice of an adjournment motion covering those points, if he likes. This is the first time within my knowledge that a report of an inquiry of this nature is sought to be considered by the House on an adjournment motion. There is no mention of any specific recommendation which has been accepted by Government and which is considered to be wrong by the Honourable Member who has given notice of this motion ; but it is a sort of roving discussion that is sought by this motion, covering the entire report. I have not been supplied with any precedent for such motion and, so far as I am concerned, I do not know of any. I, therefore, rule that this motion is out of order. At the same time I think Government might consider whether time could not be found for the purpose of enabling the House to discuss this report.

OPERATIONS ON THE NORTH-WEST FRONTIER.

Mr. President (The Honourable Sir Abdur Rahim) : The next motion stands in the name of Mr. Satyamurti who wants to discuss " the recent costly and futile operations on the North-West Frontier ". This has been disallowed on the ground that it cannot be moved without detriment to the public interest.

There is another motion of the same kind in the name of Mr. Abdul Haiyum who wants to discuss " the continuance of the North-West Frontier military operations, with the aid of aerial bombing, involving loss of life and property, and heavy and futile cost to the Indian exchequer ". This has also been disallowed by the Governor General on the ground that it cannot be moved without detriment to the public interest.

PAUCITY OF MUSLIM MINISTERS IN CERTAIN PROVINCES.

Mr. President (The Honourable Sir Abdur Rahim) : The next motion is the name of Sir Muhammad Yakub who wants to discuss " the failure of

the Government to carry out the Government of India Act, 1935, in its spirit by approving the appointment of Muslim Ministers in the United Provinces, Bihar, Bombay, Central Provinces and Madras who do not represent the political views of the Muslim community in general and who do not command their confidence, and for taking no action in Orissa where no Muslim Minister was appointed in spite of the earnest demand of the Muslims of that province ". This has been disallowed by the Governor General on the ground that the motion relates to a matter which is not primarily the concern of the Governor General in Council.

REPORT OF THE ROYAL COMMISSION ON PALESTINE.

Mr. President (The Honourable Sir Abdur Rahim) : The next motion also is in the name of Sir Muhammad Yakub who wants to discuss " the failure of the Government of India to represent and place before the League of Nations the strong views of the people of this country on the report of the Royal Commission on Palestine, particularly their recommendation for the partition of the Holy Land which has created so much resentment among the Muslims of the whole world including India. The failure of the Government of India came to the knowledge of the House only this morning " (i.e., 24th August) " through a reply given by the Honourable the Home Secretary in the House ". This has been disallowed by the Governor General on the ground that the motion relates to a matter which is not primarily the concern of the Governor General in Council.

Maulana Zafar Ali Khan : Then, whose concern are these affairs ?

THE FEDERAL COURT BILL.

Mr. President (The Honourable Sir Abdur Rahim) : The House will now take up consideration of the motion :

" That the Bill to empower the Federal Court to make rules for regulating the service of processes issued by the Court be taken into consideration."

Mr. Sri Prakasa (Allahabad and Jhansi Divisions : Non-Muhammadan Rural) : On account of the failure to move their motions on the part of two such friends, good and true, as Seth Govind Das and Mr. Ananthasayanam Ayyangar, from whom I expected elucidative speeches on the subject, I feel it my painful but imperative duty to oppose this Bill. I shall try to speak with as little passion as possible. From the speeches delivered yesterday on another subject, I feel that there is no room for passion in this cold atmosphere where perhaps we are all Kantian philosophers who must only depend on intellect and never indulge in emotion. When, Sir, hunger-strikers could be allowed to....

Mr. President (The Honourable Sir Abdur Rahim) : There is nothing about hunger-strikers in this Bill. The Honourable Member must confine himself to the Bill before the House.

Mr. Sri Prakasa : I was only trying to explain....

Mr. President (The Honourable Sir Abdur Rahim) : I do not think the House wants any such explanation. (Laughter.)

Mr. Sri Prakasa : Sir, every speech or literary production must have some introduction.

Mr. President (The Honourable Sir Abdur Rahim) : I think we have had enough of introduction already.

Mr. Sri Prakasa : Well, Sir, I will make one statement of fact which I hope you will be pleased to regard as relevant and that is that I have had learned lawyers coming to me since yesterday trying to explain to me the implications of this Bill and trying to dissuade me from opposing it. For their sake as well as for the sake of this House I want to make a confession which I have been wanting to do for some time, and that is that I am no fool. (Laughter.) I understand the constitutional and legal implications of such things ; and I want to confess straightaway that I am not here to help Government to get over the constitutional discrepancies of their own creation. I understand, Sir, that when so-called autonomy has been given to the Provinces, situations may arise where one Province has some difference with another Province, and a third party has to be found to adjudge the difference. I also understand that some sort of a federal court has to be set up under the new Act ; but, Sir, I am not here to find out what difficulties the Government may experience in the future and to help it to tide over those difficulties by accepting something which we have rejected in principle. So far as I know, Sir, the federal structure of the Government of India Act has been rejected by the Indian people ; and as such, anything that savours directly or indirectly of federation, anything which requires direct or indirect support of this House in the matter of federation, must have our opposition whatever may happen. Yesterday, Sir, in connection with another Bill it was said that if the Bill were not passed there would be chaos. I asked again and again where the chaos was between the 1st April when the new Act came into force and the 25th of August when we were discussing that Bill ; but there was no reply. In connection with this Bill also I shall be told that if we do not pass this measure, there will be chaos. The Government has a habit always of telling us that unless we agree to a proposal which Government brings forward, there will be chaos ; but really no chaos comes about, much as we wish it would. Somewhere in the Government of India Act there will be found sufficient provisions by the Government's lawyers which would enable all so-called chaos to be avoided ; which would enable those who have forced the federal structure upon us, those who have already forced a Federal Court upon us, to find out how the processes of those Courts will be served in the various provinces. The sole purpose of this Bill, Sir, to me it seems, is just this, that the processes of this Federal Court should be properly served in the Provinces. What do I care whether these processes are properly served or not ; what do I care what the Federal Court does or not ; what do I care whether a Federal Court functions at all or not ? We are here against the whole scheme of Federation and all that is envisaged by it. With the help of this Bill, as with the help of another Bill yesterday, Government is merely trying to get our consent indirectly to its scheme of Federation ; and I am sorry to find that various persons who really ought to know better, are being caught in the net. I ask my Honourable friends on this side : let us throw out this Bill ; let the Government stew its own juice ; let them do what they like.

It is the first time that I came to know through the Statement of Objects and Reasons attached to this Bill, that we were a Federal Legis-

lature. I had no idea, Sir, that on some dark midnight I was suddenly transformed from a Member of the Indian Legislative Assembly to which I was legitimately elected, into a Member of a Federal Assembly, of which I have no knowledge, and for the membership of which I never stood. Where is the law that has transformed this honest Assembly into a Federal Legislature against which we have always been fighting ? Surely my old friend, Mr. Mudie, who has known me for 17 years, as he started his official life in my city of Benares, should have told me that my position was being transformed from that of a legitimate Member of this House into an illegitimate member of another House. If I had been informed of that in time, I should certainly have considered my position. I must consider it even today with the help of my Leader, because I have no idea of continuing as a member of the Federal Legislature, I under the new Act ; and if the Act makes this a Federal Legislature, I really have no desire to continue here. I hope, Sir, that there is some flaw somewhere ; and that the same will be remedied. I should think that it is the duty of the Government to consider the desirability of taking the consent of the Members of this House as to whether they want to continue to be members of the Federal Assembly or not before turning them into such. It is a most surprising thing that section 215 of the Government of India Act of 1935 should be referred to in the Statement of Objects and Reasons attached to this Bill saying that the said section provides for the Federal Legislature to make provision about certain things. Are we that Federal Legislature ? Where is the law that makes us so ? The Federal Court was not established with our consent ; the Judges were not appointed with our consent, and, so far as I know, Sir, this Federal Court is hanging somewhere in the air without anything to do. A large amount of money is being spent on the Judges and the Court without our consent and without their having any work to do. They are there evidently for something to turn up so that they may justify their existence. When the country and that part of the House which represents it, are against the whole scheme of Federation, how can we directly or indirectly give our support to Federation or to a Federal Court ? After we pass this Bill, the Government can always come forward and tell us : " Now that you have passed a Bill for the proper service of processes of the Federal Court, you have naturally accepted the Federal Court, and since you have accepted the Federal Court, you have also accepted Federation with all its liabilities and implications ". Sir, I do not want to be caught in that net ; and I hope some one will save me from it.

Then, Sir, personally, as I have often expressed in this House, I am always very suspicious of courts and their processes. It is not, Sir, the quarrels that create courts ; but it is the courts that create quarrels. The larger the number of courts, the larger the number of lawyers ; and the larger the number of lawyers, the larger the number of quarrels. If any proof of that were needed, it is implied in the Bill itself. There is no quarrel between Province and Province. They are all happy. You want to establish a Federal Court lest there should be quarrel. Then it will be in the interest of lawyers to create quarrels ; and Provinces will begin to quarrel ; and the Federal Court will begin to function. Sir, it is said that a famous High Court Judge of Calcutta after giving Letters of Administration for an estate and after signing his judgment said : " Well, I believe this estate too like many others will now be divided among the

[Mr. Sri Prakasa.]

attorneys". (Laughter.) So, Sir, while so long they were satisfied with dividing among themselves the estates of private individuals,—and I myself was able to save my own estate by the skin of my teeth,—I believe they will now be dividing up the Provinces.....

Mr. S. C. Sen (Government of India : Nominated Official) : Did my friend get the help of a lawyer ?

Mr. Sri Prakasa : I for my part feel perfectly justified in trying to nip in the bud all possibilities of mischief. If we now throw out this Bill, we throw out all possible processes of the Federal Court ; and when we throw out all possible processes of the Federal Court, we shut out all inter-provincial quarrels ; and the Federal Court itself cannot function. When it cannot do so, the Federation itself cannot come ; and we shall be saved from a great disaster.

Sir, I can understand the impatience of my friend, Mr. Sen. I have had something to do with him also. I am sure, Sir, he regards the profession he represents as very noble.

Sardar Sant Singh (West Punjab : Sikh) : Of course it is.

Mr. Sri Prakasa : And the I. C. S. gentlemen regard their service also as very noble. No wonder, Sir, that I too begin to regard landlordism as very, very noble indeed. I strongly oppose this Bill. I oppose it on the definite principle that accepting this Bill means at the same time, whether you like it or not, accepting the scheme of Federation ; and as soon as we accept that we throw to the four winds all our talk and argument of many years past against Federation and against all that it implies. If we pass this Bill, no Member on this side of the House will be able to come forward—and I warn my friends who are sitting on this side of the House and who may also be under the influence of law and lawyers—no one of us will be able to come forward before the public and say : we are against Federation. This Bill will be thrown in our faces. We shall be told : " When there was a Bill about the service of the processes of the Federal Court, you supported it. That means you supported the Federal Court. That means you supported Federation ". Well, I know that lawyers can be on one side on one day and on another side on another day. It is possible that they will find some arguments against what I am saying. But as an honest, straight man—and that is all that I claim for myself—as an honest, straight man, I shall never be able to stand before any one and say : " I am against Federation ", if I were to give my vote in favour of this Bill. I speak as an honest, simple man. The Honourable the Law Member contested the other day my statement that I was only a simple villager ; and asked me if I was that, what was he ? My answer is that if I was a simple villager, he is a complicated lawyer. (Laughter.) That is all that I can say. As a simple man, I say that the moment I vote for this Bill I vote for Federation ; and as I am against Federation I shall certainly not vote for this Bill. Mr. Satyamurti wants me to see some treatises that he has got in his hand. I am not going to look at them. I am a simple man and I speak of simple things, straight and honest ; and as soon as I vote for this Bill I feel that I have cut off my hands ; and I shall never be able to speak against Federation again. That is the principle which I want to put before this House.

Then I want to speak of the practical effects that will follow, the other may be regarded as only a theory. The practical effect is that we are also supporting the methods that may be adopted by the Federal Court in sending out their processes ; and in forcing Provincial Governments and provincial authorities to serve those processes. I do not see any reason why Provincial Governments and provincial authorities should be forced to play second fiddle to the orders of the Federal Court, and help in getting their summonses and their processes served. Why should they ? If they are autonomous provinces, they may just as well say : " We are not going to do anything of the sort ". If they want to serve these processes they may do so, but if they do not want it, why should they be forced to do it ; and why should we, by the backdoor of this legislation, compel Provincial Governments to do things that they may not want to do ? I, therefore, on every ground that I can think of—moral, political, material—cannot find one argument in support of this Bill ; and I hope that this House will give due consideration to the point of view that I have ventured to put forward before it. Let it throw out this Bill, and let Government do what it likes in order to fulfil its own nefarious purpose in regard to Federation, Federal Court and the autonomous provinces.

Mr. S. Satyamurti (Madras City : Non-Muhammadan Urban) : This is the first time, that I rise in a somewhat anomalous position. Nobody on these Benches speaks against a point made by another Honourable friend, especially by an esteemed friend of mine like my friend, Mr. Sri Prakasa. There is one point that ought to be made clear. If this Bill is passed by this House, it cannot, and it does not, mean a vote in favour of the Federation. I am entirely at one with my Honourable friend, Mr. Sri Prakasa, as all Congressmen are bound to be and I hope as all Muslim Leaguers are bound to be also, when he says that we are all against this unheard-of Federation. I do not want to make the slightest reservation about it. But I want to invite his attention, if I may, to one or two sections. I may also claim to be as simple as he is, except that I sometimes read Acts and he does not. Section 204 of the Government of India Act, 1935, provides :

" Subject to the provisions of this Act, the Federal Court shall, to the exclusion of any other court, have an original jurisdiction in any dispute between any two or more of the following parties, that is to say, the Federation, any of the Provinces or any of the Federated States, if and in so far as the dispute involves any question (whether of law or fact) on which the existence or extent of a legal right depends."

Therefore, omit the word " Federation ", omit the words " Federated States ", and then it will read, in all disputes between the Provinces, the Federal Court has an exclusive jurisdiction. We cannot wipe out the Provinces. We are governing six Provinces and we are hoping to govern another Province before the end of the month, and before the year is out, we hope that we shall be governing all the eleven Provinces. Between these eleven Provinces there may be inter-provincial disputes, and you do want a Federal Court, because the Act provides that that Court shall have exclusive jurisdiction to the exclusion of any other Court.

Mr. Sri Prakasa : Do you accept the Act ?

Mr. S. Satyamurti : We accept the Act to some extent, and that is why we have Ministers in the Provinces to that extent.

Mr. Sri Prakasa : I am not, thank God !

Mr. S. Satyamurti : Nor am I. But we discuss public questions on the merits of those questions, and not whether you or I administer the Act or not. I do not want to be offensive to my Honourable friend. We are such good friends, and I want that we should pull together always. There is no need for emotion or misunderstanding between us. The law is there, and, if tomorrow two Provinces go before the Court, how are the summonses to be served? That is the simple point. If my Honourable friend wants the Federation to go, I want it also to go. Does my friend want to say that, in inter-provincial disputes, the Federal Court shall not have its summonses served?

Mr. Sri Prakasa : I want independent provinces.

Mr. S. Satyamurti : I do not want independent provinces. This country is already being split up into various provinces. We want a united, strong, self-governing India, to face the rest of the world. I trust that I shall not be tempted to say anything in temper, because, after all, it is very important that we should discuss this question, purely from the point of view of construing the law and not import any irrelevant considerations. I have risen, Mr. President, simply to make our attitude clear. A vote for this Bill does not mean a vote for Federation. It only means that we recognise the existence of the Federal Court for inter-provincial disputes, and we feel that it must serve its summonses through the existing agencies. That is all. It does not mean a vote for the Federation. The passing of this Bill does not mean, I may assure my Honourable friend, Mr. Sri Prakasa, that we are acquiescing, either directly or indirectly, expressly or impliedly, wholly or partially, in any scheme of Federation. We do not want it, we want it to go, but this vote simply means that in inter-provincial disputes the only Court which has got sole jurisdiction under the existing Act,—till not merely this section, but the whole Act is repealed or amended—should have power to direct the High Courts to serve its processes. That is our attitude.

Maulana Zafar Ali Khan (East Central Punjab : Muhammadan) : I feel very strongly on the subject which is being discussed in connection with this Bill. I want this Bill to be thrown out. Speaking on behalf of nine crores of Muslims on whose pulse my finger has been for the last thirty years, I think I am justified in claiming that I represent their views when I say that they do not want this Government of India Act. They are against the Act, much less the Federation. Where is this Federation? The Mover of this Bill presupposes its existence. It is nowhere. When there is no Federation, why should there be a Federal Court and why has this trouble come over us. It is all the doing of the National Congress. The National Congress declared from the house tops that they were out to wreck this constitution. 'We want to have a Constituent Assembly which will make its own constitution. We will free India from the clutches of the foreigner. We will emancipate India and have our own law'.

Mr. R. F. Mudie (Government of India : Nominated Official) : May I ask, Sir, how all this is relevant to the Bill?

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member is opposing the Bill on the ground that it means sanctioning Federation, which he is entitled to do.

Maulana Zafar Ali Khan : I have known gentlemen of the National Congress declaring in so many words that they will have no part or lot

in this Constitution. When India was ringing with this cry, suddenly there came a *volte face* and they said "So far as the provinces are concerned, we accept this Act and we are prepared to work this Constitution within the four corners of the Constitution provided that the Governor gives an assurance that he will not interfere in our day to day work". Then office acceptance came. There was a large section of my fellow countrymen who are deadly against this principle of accepting offices under this British Government. Controversy raged for some time, and, later on, all their ideas of liberty and independence bowed before the superior wisdom of Mahatma Gandhi who laid down a certain law and everybody bowed before him. So, they accepted Provincial Autonomy, became Ministers and began to rule in the six Provinces.

Mr. Sham Lal (Ambala Division : Non-Muhammadan) : You want Mussalman ministers?

Maulana Zafar Ali Khan : I am not talking of Mussalmans. Only the other day, the President of the Congress said that anybody who supports Federation is a traitor to the country. But now, I am startled to find Mr. Satyamurti saying "We accept the principle of Federation".

Mr. S. Satyamurti : I beg your pardon. On a point of personal explanation. I made it perfectly clear that I am against Federation root and branch. I say that the Federal Court has got jurisdiction under the Act in inter-provincial matters and it must have power to serve summonses in matters relating to disputes between Provinces. I am as much against Federation, as my friend is.

Maulana Zafar Ali Khan : Today the idea of Federation is accepted in some form or other. (*Cries of "No, no"*.)

Mr. S. Satyamurti : If you cannot learn, I cannot teach you.

Maulana Zafar Ali Khan : You have accepted a part of the Government of India Act in so far as it concerns the Provinces. The time will come when you will accept this idea of Federation and accept the Federal Court. So far as the Mussalmans of India are concerned, they have gained very little by this Act and we know how they have been treated. They have been very shabbily treated and we know to our cost this law of the majority ruling the minority and the weaker going to the wall. I expressed my resentment in very mild language, as my Honourable friend, the Leader of the House, assured me. When I was out of the Council, I used very vitriolic language but when I came here he was surprised to find that I was milk and water. So, the Mussalmans find that they are under the rule of the majority. There is no place for them. Let all the world know through this House that we, Mussalmans, are a distinct nation in India. We are a self-sufficient nation. We have got certain traits.

Mr. Brojendra Narayan Chaudhury (Surma Valley *cum* Shillong : Non-Muhammadan) : On a point of order. Is this relevant?

Maulana Zafar Ali Khan : The National Congress represents the Hindu nation. We are a nation by ourselves. In all matters affecting the honour of this country, affecting the emancipation and independence of this country, we are prepared to co-operate with them loyally, but if they have taken it for granted that we will merge our identity with theirs, they are wrong, they are mistaken. As a nation, we stand for complete independence. My people stand for complete independence, and I find

[Maulana Zafar Ali Khan.]

that those who indulge in tall talk about complete independence do not mean what they say.

Mr. President (The Honourable Sir Abdur Rahim) : I do not think the Honourable Member ought to go on in that strain. I understood that, his theme was that, if this Bill is passed, it would be sanctioning Federation by implication, to which he was opposed, and I do not think he ought to go into other extraneous matters as he is doing.

Maulana Zafar Ali Khan : All right. Federation will come in only when the third part of India, which is called Native India, accepts this principle of Federation and hitherto I am not sure whether the Native States accept this principle of Federation and intend to join it. There are people, I am told, who are firm in the conviction that some of the Native States will not join this Federation. So, unless the Native States join it, how can you presuppose the existence of an institution which is still in the dreamland. So, the Bill is premature and, therefore, to discuss it and make speeches on it is inconsistent and irrelevant. Therefore, I must declare my firm resolve to oppose this Bill, tooth and nail, and I trust it will be thrown out.

Sardar Sant Singh : I had no intention to intervene in this debate, because when I read the Bill I thought it was a non-controversial sort of thing. At the same time, it is difficult to imagine how this Bill is connected with what is known as Federation which is yet to come. One cannot ignore the fact that the Federal Court is in existence. Judges of that Court have been appointed and the Court will begin to function from October next. The Bill relates only to this much, to help them in their functioning. That is all. When my friend, Mr. Sri Prakasa, made a confession today that he was not a fool, I thought he was speaking the truth but by this day's speech he has set me seriously thinking. Really, he has preached a sermon to the lawyers, he has preached a sermon, he says, to those who are putting up quarrels amongst people and thus making money. I really could not understand what has that to do with the serving of processes which have to be issued from the Federal Court in order that it may function.

Mr. Sri Prakasa : May I ask my friend whether these processes
1 P.M. will not be the result of the quarrels that they will have created ? I am not such a fool as he thinks.

Sardar Sant Singh : Still one is unable to understand the plea. There is the Government of India Act. That is a fact in itself, it is on the Statute-book till it is repealed. Under that Act certain Provinces have been given autonomy. Supposing there is a difference of opinion as to the interpretation of the powers between Province and Province, who is to decide that difference of opinion ? One Premier cannot go to the Premier of another Province and ask him to settle the matter there and then.

Mr. Sri Prakasa : They must settle things as members of a family ; settle things amongst themselves. They can set up arbitration.

Sardar Sant Singh : Power should quite logically be given to the Federal Court to come in between and decide the matter in issue. In that case supposing my friend's Province, the United Provinces, finds itself in conflict with the Punjab. Well, in that case will Sir Sikandar go to our

friend, Pandit Govind Ballabh Pant, and ask him to settle the matter with him ?

Mr. Sri Prakasa : Why should he not ?

Sardar Sant Singh : And if they do not do this, is my friend, Mr. Sri Prakasa, to be sent for to intervene and decide the matter ?

Mr. Sri Prakasa : That would be better than briefing you !

Sardar Sant Singh : At any rate I cannot understand the connection between the two. My friend is obsessed with the idea that when he goes to the public, he will not be able to wax eloquent that because he has given his consent or vote to legislation providing for service of process by the Federal Court, therefore, he could no longer go and say to the public that he is against Federation. Is that logic ?

Mr. Sri Prakasa : I have read logic.

Sardar Sant Singh : My submission is that this simple Bill does not require much argument for our consent being given to its passage.

Several Honourable Members : I move that the question be now put.

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

" That the question be now put."

The motion was adopted.

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

" That the Bill to empower the Federal Court to make rules for regulating the service of processes issued by the Court be taken into consideration."

The motion was adopted.

Clauses 2 and 1 were added to the Bill.

The Title and the Preamble were added to the Bill.

Mr. R. F. Mudie : Sir, I move :

" That the Bill be passed."

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

" That the Bill be passed."

Mr. Sri Prakasa : Sir, I am sorry if I should appear to be making myself the butt of ridicule. (Voices : " No ", " no.") I am not afraid of that. I have weathered through many storms and shall weather through this as well. If my friend, Sardar Sant Singh, despite the greyness of his beard, which should have taught him more wisdom and better manners, thinks that I am a fool, I have no objection and he is welcome to that opinion....

Sardar Sant Singh : I never said that.

Mr. Sri Prakasa : Sir, if I know English aright—and I claim in all humility to have some acquaintance with it—there can never be two meanings to the statement of his that though he took me at my word when I said I was no fool, my speech gave him the contrary conviction. If anyone in this House or outside can find a different meaning, I shall bow

[Mr. Sri Prakasa.]

to that judgment. Sir, I am willing to admit that I am a fool ; but I will say just this that I am an honest fool. I have absolutely no objection to anybody thinking anything about me. I come to this place, Sir, from a simple city. I represent in this House a rural constituency ; and I am a humble servant of the Congress. I am bound to interpret, according to my own little knowledge and experience, the orders given to me by that great national organization ; and I am also bound to interpret in this House, even if my own Leaders were against me, the feelings and wishes of the simple villager whom I represent. I come from a constituency consisting entirely of villagers. My own livelihood depends mostly on the work that these villagers do for me. I am ashamed that I should ~~wax~~ both eloquent and fat, at the expense of two thousand men, women and children, who work in my fields, winter and summer and rain, in death, disease and in suffering ; and the least service I can do to them in return is to say something whenever I have the opportunity of saying it, which may conduce to their welfare and to their freedom. I feel that nothing has harmed this country—and you will permit me to say this even if you should in your wisdom think that I was irrelevant—nothing has harmed this country so much and no worse gift has come to us from England than what is called “law” : and while formerly there was scarcely a villager who could be found to be speaking the untruth, today you find scarcely a villager who speaks the truth. It is all due to the complicated system of laws that have been introduced into our country, whereby simple villagers have got caught in the clutches of lawyers, who have ruined both them and their hearths and homes. Our people have forgotten the simple system of arbitration and prefer the excitement of the law court and the possibility of turning falsehoods into truths there with the help of perjured witnesses and scheming lawyers. The harm that these law courts have been doing in the districts is now sought to be extended to the whole country by the establishment of a super-court called the Federal Court. Not satisfied with all the powers that have been given under the Act to this Federal Court ; not satisfied with the shutting out of discussions in this House and elsewhere regarding this Federal Court ; not satisfied with making the judges immune from all criticism ;—the Government comes to this House and wants our active support in helping them to serve the processes of this Court in the Provinces through provincial officers. I do not understand where we shall stand after this Bill has been passed. I bow to the superior wisdom of my friend, Mr. Satyamurti. I will confess to this House and I will admit before all that I have great affection and great regard for him. I have known him since 1919 ; and have stood shoulder to shoulder with him in many a battle, if the fights that we have waged may be regarded by the Benches opposite as battles. But I am bound to put forward my own point of view. I want to warn this House and through it the world at large of the dangers that are lurking in the Bills that this Government is introducing in this House on the sly. They are introducing technical Bills, through which they are wanting a vote of this House in favour of the Federation that they have up their sleeves. I may tell all the most intricate, the most learned, the most cunning Indian lawyers here or outside that an ordinary, simple, even foolish looking Indian Civil Servant that comes out to this country, is cleverer than all of them combined. We may be deceived into thinking that we are making fools of him ; but really speak-

ing he is making a fool of us all the time. Though my friends may satisfy themselves with the thought that they had definitely declared in this House, when this Bill was being discussed, that because of their vote here they would not be precluded from opposing the Federation outside, what will the simple villager think and ask ? Will he not say : “ Did you not support the Federal Court ? Did you not support the processes of that Federal Court ? Did you not facilitate the service of these processes ? When you have supported all this, then surely it does not lie in your mouth now to speak against Federation.” All the legal technicalities that my friends may be able to put forward, and all the learning that they may be able to shower in the course of their arguments, will not take away this simple doubt and suspicion from the mind of an unsophisticated listener to their speeches, that they actually did support Federation through the Federal Court, because they facilitated the service of the processes of that Federal Court with the help of officers in the Provinces. Sir, that is all I have to say and I hope that my friends, when they join the Government in their cries of ‘ Aye ’, will remember that this is not the last day of judgment for them ; that there are persons outside who are authorised, under the constitution of the Indian National Congress, to ask them questions, and before that forum they must be able to explain themselves. There no technicalities will be of any avail ; there no legal learning will be allowed to come to their assistance ; there no quotation from the Government of India Act of 1935, which I burnt long ago, will be of any use. There they will have to answer this simple question : ‘ Did you or did you not support this Bill ? Did the words “ Federal Court ” appear therein or not ? Did you or did you not facilitate the service of the processes of this Federal Court over the heads of the so-called autonomous provinces ? Did you or did you not make it incumbent upon the officers of the Provincial Governments to help in the work of this Federal Court ? ’ These will be the simple questions that would be asked ; and they will have to give straight answers in simple language which these simple people may be able to understand. If they are satisfied that their answers will carry conviction, they are welcome to their opinions ; but if they are not so satisfied, let them then think over the matter during the lunch interval to which I have carried the House. Let them ponder carefully over the implications of what they are doing ; and I have no doubt they will come to the decision that this Bill has to be thrown out absolutely and immediately.

Several Honourable Members : The question be now put.

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

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

Mr. R. F. Mudie : Sir, I hardly think it necessary for me to say much in reply to the debate. I had hoped to get this Bill through in the twinkling of Mr. Sri Prakasa's eye, but I am sorry I was forced to the conclusion that Mr. Sri Prakasa's eyes have ceased to twinkle.

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

“ That the Bill to empower the Federal Court to make rules for regulating the service of processes issued by the Court be passed.”

The motion was adopted.

THE INDIAN NATURALIZATION (AMENDMENT) BILL.

Mr. E. F. Mudie (Government of India : Nominated Official) : I move :

“ That the Bill further to amend the Indian Naturalization Act, 1926, for a certain purpose, be taken into consideration.”

Sir, this Bill is slightly more complicated than the last Bill and slightly, I am afraid, more controversial. The subject of naturalisation is rather a complicated one, as it is governed by two Acts, one a British Act and the other an Act of this House. The British Act was passed in 1914 and applies not only to the British Isles, but also to India. Under that Act the Government of India is empowered to naturalise any one for the whole of the British Empire, practically speaking, any one who is eligible for naturalisation under that Act. There are various people, however, who cannot be naturalised. But for the present purpose, the only thing that I wish to point out is that before any one can be naturalised under the British Act, he must have a certain knowledge of English. So there are a certain number of persons who come and reside for five years in British India cannot be naturalised under the British Act because they do not know enough English. The Indian Act which was passed in 1926 only confers the status of British subject in India because the Indian Legislature has no power to pass laws valid outside India. But it is sufficient for naturalisation of any person under the Indian Act that he has sufficient knowledge of one of the main languages of India. That is the position. Naturalisation under the British Act also confers all the rights and privileges and imposes all the duties of a natural born British subject, and practically the same is true of the Indian Act except that the scope is limited to India. Now, this Act which was passed in 1926 has given rise to certain difficulties and it is primarily to remove these difficulties that the present Bill is brought before this House. The first difficulty that has arisen is this, that it is impossible to naturalise a subject of a European State under the Indian Act. The relevant clause is as follows :

“ The Central Government may grant a certificate of naturalisation to any person who makes an application in this behalf and satisfies the Central Government that he is neither a British subject nor a subject of any State in Europe or America.....”

I have been asked by some Honourable Members why a British subject cannot be naturalised. The answer of course is because the object of naturalisation is to confer the status of a British subject, which he has already. Now, a Portuguese subject or a French subject in Goa or Pondicherry is a subject of a State in Europe. There is naturally a good deal of migration between these foreign possessions and British India and a good many subjects of these States who do not know English settle down in British India and they want to be naturalised. One

answer is, we are very sorry that under the Act you cannot as you are a subject of France or Portugal. That is one of the practical difficulties which have arisen mostly in Bombay, I can see no reason why that bar against them should remain. Presumably the idea in not bringing naturalisation of a subject of European State under the Indian Act was that it was assumed that they could speak English. If they came from Europe and lived in India for about five years, it is almost certain that they would have acquired a reasonable knowledge of English and the same is the case with regard to American subjects. It was I think overlooked that there were a large number of French and Portuguese subjects who would naturally wish to be naturalised and who would not be able to speak English. That was an oversight. The second difficulty that has arisen was about the interpretation of the phrase ‘ a State in Europe ’. It arose particularly as regards Russia and Turkey. The greater part of Russia is in Asia, but the capital and most of the large towns are in Europe. It was generally taken to be a European State. So that though the Act allows a subject of Tibet to come down from the Himalayas to Darjeeling and settle down in Darjeeling and be naturalised, a Russian subject coming down from the Pamirs could not be naturalised. This seems illogical.

The other difficulty was with regard to Turkey. Was Turkey a European State or was it not ? When the capital was Constantinople and a large part of Europe was included in the Turkish State it would probably have been admitted by every one that Turkey was a European State on the analogy of Russia. But when Turkey's capital was shifted from Constantinople to Ankora and only a very small portion of Turkey remained in Europe, an extremely difficult point arose and the provisional decision taken was that we should interpret “ European State ” as including Russia and not including Turkey. That was the second difficulty that arose.

It seems logical to extend the right of naturalisation to French and Portuguese subjects being not only in the possessions of these States in India but also in other possessions of these powers in Asia. Logically it is difficult to understand how a subject of China, Japan or the Raja of Sarawak can be naturalised in India, but a subject of Java or the Portuguese possessions in the East Indies cannot be naturalised in India simply because Java belongs to the Dutch. The opportunity was taken, therefore, of completing the process and making it logical. The real difficulty arose because of foreign possessions in India. The solution proposed is that, apart from the States in America, which question is not at all pressing, it should be the domicile of origin of the person who wishes to be naturalised and not the State to which he is subject which ought to be the criterion. That is to say, that a Russian subject whose domicile of origin, which to all intents and purposes means birthplace, was in Asia can be naturalised under the Indian Naturalisation Act ; a Turk from Constantinople would need to come under the British Act. These are the three points for the consideration of this House. One is the extension of the right of naturalisation to the foreign possessions of other powers in India. That was one difficulty which arose. The other was the difficulty of interpreting the expression “ State in Europe ”. To get over this we propose to have the right of naturalisation on domicile in Asia. The

[Mr. R. F. Mudie.]

third point is the extension of the Act to include not only the possessions of foreign powers in India but in other parts of Asia.

In conclusion, I only wish to say that this Bill only applies to persons who cannot speak English and that there is no automatic right of naturalisation. Each case will come up and be treated on its merits. There is one other point. When any of these foreigners comes and settles in India and is not naturalised, his children born in India are nevertheless British subjects by birth.

Sir, I move.

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

“ That the Bill further to amend the Indian Naturalization Act, 1926, for a certain purpose, be taken into consideration.”

Mr. B. Das (Orissa Division : Non-Muhammadan) : Sir, I move :

“ That the Bill be circulated for the purpose of eliciting opinion thereon by the 31st December, 1937.”

Sir, India has been the home of wandering Jews, Parsis, Iranians, Syrians, etc., India has never denied shelter to anybody. It should not be thought that in sending this Bill for circulation I am opposed to naturalisation of any Asiatic who does not find a home and wants to make India his home. But the question is, why has this wisdom dawned on the Home Department now and why did it not dawn on them in 1923 and 1926 ? Sir, when Sir Alexander Muddiman moved this Bill in 1926, in the Statement of Objects and Reasons it was stated :

“ The Indian Naturalisation Act of 1852 has become obsolete in view of the recent developments in the law of naturalisation, and the Government of India decided after consulting Local Governments ”—

I want my Honourable friend, Mr. Mudie, to note this :

“ after consulting Local Governments that it should be repealed and be replaced by a new and consolidated enactment on the general lines of the British Nationality and Status of Aliens Act, 1914.”

Sir, that Bill was referred to a Select Committee. When it was brought before this House there was only one amendment that was accepted by the then Government and the House. Fortunately, that emanated from me, and although my Honourable friend, Mr. Mudie, wants to amend the very section 3 (1) (b), he still has the courtesy to retain that bit of amendment which I introduced then. Sir, the question is, where were these French subjects and Portuguese subjects of India at that time ? Why did they not seek naturalisation so far ? What were the representations of the Bombay Government, the Government of Bengal, and the Government of Madras then ? How is it that in 1937 the Home Department suddenly find out that such an amendment is necessary ?

Those of us who have accepted the hospitality of the Bombay Presidency know that there is a Portuguese territory called Goa which is famous for three things. It is famous for its sweet wines, sweet music

and sweet cooks. Indians make trips to Goa to enjoy those sweet wines and enjoy happy hours of music in the dance halls. But to make us enjoy the benefit of the services of the Goanese cooks, the people of Goa migrate every year to British India and find themselves employed in Bombay. They find employment under Indians but, as far as I know of their habits, they retain their Portuguese characteristics. They never identify themselves with Indian interests, Indian nationalism and Indian sentiments. Today, my impression is that there are 30 to 40 thousand Goanese servants working in the Bombay Presidency. I am not talking of the musicians and the dancing girls ; they come to Bombay, make their fortune and go back to Goa. My Honourable friend, Mr. Mudie, wants that these 30 or 40 thousand Goanese Christians will be naturalised. What will be its effect on the Indian Christian community ? That is a pertinent question, and I do want that the opinion of the Indian Christian community of the Bombay Presidency should be ascertained. Further, I want the opinions of the different Local Governments,—now that the so-called and much-vaunted Provincial Autonomy is at work. These 30 or 40 thousand Goanese will create an economic disturbance and an economic factor will be introduced which requires to be closely examined. Not that I am opposed to their naturalisation. But why has this wisdom dawned on the Home Department now ? Why was the Bombay Government sleeping so far ? My Honourable friend, Mr. Mudie, was not a member of the Home Department then, but why is it that when Sir Henry Craik introduced the amendment of this Act in 1935, he did not bring out this particular matter in one consolidated Bill ?

Sir, I see some nefarious design behind it. What that design is, I do not know, but I want that the subject should be examined, and the opinions of the Indian Christian community of the Bombay presidency, may, of the whole of India, should be ascertained. I have not yet met a Goanese who has told me that he is an Indian. He always says he is a Goanese or Portuguese or an Anglo-Indian. Sir, there are already too many complicated factors in our economic problems of life, and I do not want these Goanese to suddenly become or to be made into 40,000 Indian Christians or Anglo-Indians, and their children to be made Anglo-Indian children to be competitors in the bread problem, for whom my friend, Mr. Gidney, the brother of my old friend, Colonel Gidney, stands here, because those children will soon compete with our children and the children of the Indian Christian community. It is a problem that ought to be examined. It is not so easy a thing as my friend, Mr. Mudie, suggested. Mr. Mudie wanted us to believe, as Sir Alexander Muddiman also asked us to believe, why this Bill was passed. I want the House to understand what was in the mind of Sir Alexander Muddiman when this Bill was passed on the last occasion. At that time there was no thought of naturalising thousands and thousands of Portuguese or French citizens. It was a case of a few stray Asiatics who had made their homes in India, and Sir Alexander Muddiman in his inimitable style described the difficulties of those people. This is what he said then :

“ The class of persons we do desire to assist are mainly Asiatic traders from other parts of Asia who come here and settle down and desire very often, not having any definite nationality at all, to get some form of naturalization which may be useful to them, and which we have in fact been giving them for many years.”

[Mr. B. Das.]

Then he talks of the case of a Tibetan, and says this :

"Take the case of a Tibetan in Darjeeling. He came and settled down in Darjeeling and married a hill girl of the place. He carried on rather an expensive curious business and became a man of considerable wealth. He desired to make his home in British India."

How is it that after 15 or 20 years of close examination, the then Home Member came to the conclusion that the Bill would only apply to such cases as Tibetans or Kashgar citizens who will come and settle down in India.

Of course, my friend has tried to make a difference between a Turk and a European subject. Turkey was so long recognised as a European country, and the Europeans enjoyed the advantage of getting naturalised in India under the British Naturalisation Act, over which we have no control, the House cannot even control or stop an European from being naturalised. Even we cannot kick out a South Africaner, however disgusting he may be to India, because such naturalisation is governed by the British Naturalisation and Alien Act, but this subtle difference my friend tried to make, because Turkey has maintained its integrity and sovereignty by having established her capital in Asia Minor, and not in Constantinople. So the present Home Department thinks it is better to give a dig to Turkish subjects and disown them as Europeans. Very few Turks settle down in India,—that is a small affair,—I am not interested in it at all. But what I am vitally interested in is that this Bill must be circulated not only to Provincial Governments, but the Assembly Department should see that it is circulated to all the recognised organizations of the Indian Christian community, because they are vitally affected by this measure.

Sir, we are proud of the Indian Christian community. There are good patriots in them, most of them have worked hand in hand with us. That community has produced great patriots like the late Madhu Suddhan Das, ex-Minister, Mr. S. K. Dutta, who was an honoured and very respected Member of this House, and many others. The Indian Christian community never demanded special terms of communal representation,—rather they opposed it, before the Round Table Conferences. They have common interests with us. Their ladies wear *saries* just as our ladies wear, but I have not seen a Goanese lady wearing a *sari*. Rather when these Goanese leave Bombay, they pretend to be Anglo-Indians. These are points that require examination. It is not at all a small issue. When a Goanese comes to Orissa or to Bengal or Bihar, he claims to be an Anglo-Indian, though they are discriminated from other Anglo-Indians. We do not want this kind of back door influence by which a certain community which has no love for India, whose interests are not identical to those of other Indian races or Indian interests should get such an advantage. Therefore, Sir, I do suggest that when the Legislative Assembly Department circulates this Bill for opinion, the necessary references that were made by Sir Alexander Muddiman in this House in 1926 should also be forwarded to the Provincial Governments so that they may know all the implications as to why the Naturalization Act was passed. With these remarks, I commend my motion to the House.

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

"That the Bill be circulated for the purpose of eliciting opinion thereon by the 31st December, 1937."

Mr. K. Santhanam (Tanjore *cum* Trichinopoly : Non-Muhammadan Rural) : Sir, I rise to support this motion for circulation. First of all, Sir, I feel that this Bill is very badly drafted. According to the Statement of Objects and Reasons, it is stated that it is chiefly meant to enable Local Governments to grant Naturalization Certificates under the Indian Naturalization Act to certain Portuguese subjects, but as the Bill is drafted, it not only enables Portuguese Indians to be naturalized, but it also enables large numbers of outsiders as well to be naturalized. For instance, all the Asiatic subjects of European States who do not now come under the Indian Naturalization Act can come under this Bill. I do not see why this Bill has been framed to cover such large numbers of people who are not included in the Statement of Objects and Reasons.

Mr. R. F. Mudie : The Honourable Member should read the last sentence in the Statement of Objects and Reasons.

Mr. K. Santhanam : Besides this technical point, Sir, I consider that the present law of naturalization itself requires over-hauling. It is framed more or less on racial lines. It says you shall naturalise only Asiatic or African subjects, and you shall have no power to naturalise subjects of European States. I do not see why in India we should not have the right to naturalise anybody we like.

The whole Act is framed on racial lines and we want this Act to be overhauled completely. This piecemeal legislation won't do.

3 P.M. Though the present motion is only for the circulation of the Bill, I suggest to the Government of India they should bring in a comprehensive amendment of the entire Act. I submit that the present Bill is unsatisfactory. It carries in it the stigma that the European subjects are superior people and they ought not to be allowed to be naturalized as British Indian subjects. Can you give me a single valid reason why we should be able to naturalize the people of Asiatic Russia and not of European Russia, of Asiatic Turkey and not the people of European Turkey? I think the basis of the Act itself is that the white people should not be allowed to become regular Indian subjects. Now, the racial issue is carried even further. This Bill says that though one may be the subject of a European State, if he has got his domicile in any part of the world outside Europe, then he can be naturalized. Though the present motion is only for circulation I hope the Government will seriously consider the question of withdrawing this Bill altogether and bringing in a more rational and a more reasonable measure.

Mr. M. Ananthasayanam Ayyangar (Madras ceded Districts and Chittoor : Non-Muhammadan Rural) : I would like to say a few words on this matter. My Honourable friend, Mr. Santhanam, said that there is racial discrimination involved in the Bill. I apprehend a greater danger than that. The previous Act, as well as this Bill, have been framed with a view to give absolute control to the British Government as to what kind of persons should be naturalized and what kind should not be in India. I protest against that principle, namely, that the British Government should dictate to us as to whom we should naturalize and

[Mr. M. Ananthasayanam Ayyangar.]

against whom we should shut our doors. That is the principle which is embodied both in the previous Act and in this Bill. Whatever loopholes have arisen by inadvertence or otherwise in the previous Act, those loopholes are sought to be made up and those inaccuracies are intended to be patched up by this Bill. The real object is not to save a few Goanese cooks or merchants who have come down to Bombay and who wish to be naturalized and who would not be naturalized for want of an adequate knowledge of English under the British Act. People of European Russia or European Turkey, by inadvertence, do not come within the control of the previous Act. What I mean is this. Under the previous Act no subject of any State in Europe or America shall be naturalized in India. If Russia and Turkey do not come in within the term of a State in Europe, it is open to us to naturalize an European subject of Russia or an European subject of Turkey. That right is now allowed to us under the inadvertent or mistaken draftsmanship of the previous Act. Why should we not be allowed to do so? If we are in friendly relations with Russia or Turkey, why should we not naturalize them if they can choose one of our 220 or so languages in this country and live here for five years? Why should not this country have the inherent right of naturalizing any person whom it likes? It may be in friendly relations with Turkey or any other country, and let it be open to us to naturalize those who are in friendly relations with us and shut out those who are not in friendly relations with us. If this Bill is passed, take, for instance, the people of Turkey or Russia. They will have to become British subjects and then indirectly they will have all the rights and privileges of Indian subjects also. There is another disadvantage. They may make certain people British subjects and give them all the rights in India—those whom we do not like to have in India. For instance, in America, a highly civilised country, when Dr. Rabindranath Tagore, one of the revered sons of India, went there, he was put to all sorts of humiliation as if he was a member of a criminal tribe. His thumb impressions were taken, photographs were required and his place of residence had to be notified and he was put to all sorts of inconvenience. We would naturally not like to naturalize any American. But any subject of the United States may easily become a British subject and have all the rights and privileges of a naturalised Indian. Thus, as the law stands at present, it is open to the British Government to thrust indirectly upon us any persons whom we do not want, of those countries which treat us as slaves, as dark men, as untouchables, and give them all the rights and privileges which domiciled Indians have in this country. In the case of a State which is not in the coterie of those countries which are absolutely hand in glove with the British Government, even, if that State has a friendly or soft corner for us, merely because that State happens to be in Europe, the British Government wants to have absolute control over the question of naturalization of those people in this country. We should have independent dealings with those countries. The ostensible object is to save the poor cooks of Goa. But I submit that they can take care of themselves. They can naturalize themselves by becoming British subjects. If under the British Act they naturalize these Goanese people, they will have the status of British subjects. But they do not want those persons, the Asiatics and Africans who have dark colour, to have the status of a British subject; they want to reserve their nationality to the white men. But if they want to naturalize the dark men, they will

dump them on this country and have another community in addition to the several communities that we have here, to fight against India's freedom, say, in one corner of Bombay. My Province is not left alone. We have got some trouble, some menace from Pondicherry, where the Governor would not tolerate a Gandhi cap. All round India we are surrounded by foreign territories, on this side, Pondicherry, Karikal, Yenam and Chandernagore, and on the west Goa. As I have submitted before, there is a political principle behind this. I should like to support my Honourable friend, Mr. Santhanam's appeal that the Bill should be withdrawn and a new Bill brought in, giving us absolute right to naturalize. We must be masters in our home to naturalize such persons as are friendly with us and close the doors against those who are not so. It is on that principle that I support this motion for circulation. I should have been more glad if this Bill had been thrown out, but inasmuch as a Member of our Party has moved for circulation, let us wait and see what response it has among the various Governments in this country. I support the motion for circulation.

Mr. S. Satyamurti (Madras City : Non-Muhammadan Urban) : I do not know if there is any brain behind the Government of India; certainly there is none behind the Legislative Department of the Government of India, because I find these bits of legislation are thrown at our heads piecemeal, without any attempt at studying the whole subject from a comprehensive point of view. There is no doubt whatever, Mr. Deputy President, that naturalization is one of the bigger functions of any self-governing country. It is the right of the citizens of any country to say who among those who are not born in their own country shall be their fellow citizens. Every country in the world recognises that right, but, unfortunately, for us, we are a subordinate Government in more senses than one.

Then, let us look at this Bill which Mr. Mudie has moved. He wants to substitute a new clause for clause (b) of sub-section (1) of section 3 of the Indian Naturalization Act. That section reads as follows :

"The Local Government may grant a certificate of naturalization to any person who makes an application in this behalf and satisfies the Local Government (*the other clauses are not relevant*) (b) that he is neither a British subject nor a subject of any State in Europe or America or of any State of which an Indian British subject is prevented by or under any law from becoming a subject by naturalization."

Now, Sir, this clause differs from the similar clause in the British Naturalization and Status of Aliens Act, 1914, in very material particulars. Section 2 of the British Act says :

"The Secretary of State may grant a certificate of naturalization to an alien who makes an application for the purpose, and satisfies the Secretary of State

- (a) that he has either resided in His Majesty's dominions for a period of not less than five years in the manner required by this section, or been in the service of the Crown for not less than five years within the last eight years before the application; and
- (b) that he is of good character and has an adequate knowledge of the English language; and
- (c) that he intends if his application is granted either to reside in His Majesty's dominions or to enter or continue in the service of the Crown."

Those are the three conditions. The latter two conditions are reproduced here, that is, that he is of good character and that he has adequate

[Mr. S. Satyamurti.]

knowledge of an Indian language and that he intends to reside here but he exceptions are not found in the British Act, that is, that he is neither a British subject nor a subject of any State in Europe or America. That is because the British Act has treated India in that step-motherly manner, in which practically all British Statutes treat us. The later section, section 9 of the Act says :

" This Part of this Act shall not, nor shall any certificate of naturalization granted thereunder, have effect within any of the Dominions specified in the First Schedule to this Act, unless the Legislature of that Dominion adopts this Part of this Act."

And what are these Dominions—the Dominion of Canada, the Commonwealth of Australia, the Dominion of New Zealand, South Africa and Newfoundland ? India is not found there. Every other Dominion can legislate, as it decides in its legislature, to have either this Act applied to it or not. The result of that is that when once a citizen acquires the status of a British citizen under this Act he becomes *ipso facto* an Indian citizen. It seems to me that, if there is anything in the new claim that India has attained a new status under the Government of India Act, they should certainly persuade the British Parliament to amend that Act, so as to put India in the first Schedule of the British Act, so that we, in this country, may decide, whatever Britishers may do or may not do, whether we shall accept them as citizens or not.

I will take the case of South Africa. In South Africa, even today, our Indian fellow-citizens do not have the franchise. I do not see why because a South African gets the status of a British naturalized subject, he should *ipso facto* become an Indian naturalized subject. Why should not the Government of India take up this matter when dealing with this Bill ? Why should they accept these things as settled facts ?

Then, Sir, you will notice that, in that particular Act, they only want three conditions—residence in His Majesty's Dominions for a period of not less than five years, knowledge of the English language, and intention in the future to reside or serve under the Crown. But in India they have omitted British subjects, British subjects including not only British-born subjects but anybody who can get a naturalization certificate under that Act. Then, Sir, they have got the words 'nor a subject of any state in Europe or America'. What is the idea of that ? Are Europe and America superior states ? Which of the kingdoms there are such that the people there should not apply to India for being naturalized and that we should be compelled by force of a British Statute to accept them as Indian subjects because they become British subjects, whatever the reason may be for British-born subjects ? It is because they have conquered us. I can see that with regard to British-born subjects, although I do not agree with that, but I want to know why every European, be he a fellow-countryman of Mussolini, the international robber, or be he the countryman of any other state, whether at peace or at war with England, should automatically get Indian status, because he gets it in Great Britain. I do suggest, Mr. Deputy President, when this Bill goes into circulation—that Government will consider whether at least these words 'a subject of a state in Europe or America' may not go out of this clause altogether. Secondly, I suggest that they ought to approach the British Government

and ask them to include India in the First Schedule of the British Naturalization Act.

Then, Sir, the amendment which my friend wants is this :

" that he is not a British subject, or a subject of any State in America."

The original clause was 'of any state in Europe or America' and he wants to add 'or a subject of and having his domicile of origin in the European territories of any State situated wholly or partly in Europe'. In the Statement of Objects and Reasons, my friend has explained :

" It has also been found that the expression 'a subject of any State in Europe or America' used in section 3 (1) (b) of the Indian Act is virtually incapable of a satisfactory construction where such 'bi-continental' States as Turkey and Russia are concerned."

May I ask for some light being thrown on this matter ? What is the difficulty ? May I suggest one reason for this anxiety on their part ? They want to keep up in this country two kinds of citizenship based on race, that is to say, British citizenship which carries with it by statutory implication the rights and privileges of Indian citizenship for all Europeans properly so-called or Americans. They will have certain special rights provided for them. My friends know that even today in the Criminal Procedure Code and in some other statutes there are special provision for Europeans and Americans. They want to keep it up separately. Because Russia and Turkey have got some territories in Asia, they want to amend this Act by saying 'and having his domicile of origin in the European territories of any State situated wholly or partly in Europe'. What is the basis of this distinction ? Why should not these people have the benefit, if you think that that is the proper thing, of applying for British citizenship and coming here and why should you make a distinction based on the geographical accident of their domicile being either in Europe or in Asia ?

Then, Sir, the first part of the Statement of Objects and Reasons says "this avenue to naturalization would rule out a good number on the requirement of section 2 (1) (b) that the applicant 'has an adequate knowledge of the English language' " and, therefore, they want to make this provision. Then, I say the straightforward solution is to amend the earlier Act, and instead of keeping 'either a British subject or a subject of any state in Europe or America' they should say 'that he has got adequate knowledge of the English language or of any recognised Indian language', and it seems to me that that will meet all the relevant points of view. If, of course, you feel that you are helpless as against the British Government, and that they will insist upon their own Statutes and apply them automatically to us, then I suggest that this Bill ought to be withdrawn altogether, and pressure brought to bear on the British Government to agree to their Act being amended so as to include India in the First Schedule, and allow us to make our own Statute just as we consider appropriate and suitable, for conferring citizenship on people who are not born in India. Then, Sir, incidentally I would point out, if I may, that this earlier Act of 1926 confers the right to give or to revoke these naturalization certificates on Local Governments whose decisions shall be final. Now, Sir, I do not want to say anything which will offend any provincial sentiment, but I believe that I am expressing the feelings of all far-seeing Indians when I say that one of the many dangers of this Federation is

[Mr. S. Satyamurti.]

hat it may encourage centrifugal as against centripetal forces. In a huge country like India, there are forces at work which may prevent the development of a strong, united, self-respecting Indian citizenship, and I do not want this large question of Indian citizenship to be in the absolute discretion of Local Governments. You will notice, Sir, that section 3 sub-section (3) of this earlier Act says :

"The grant of a certificate of naturalization shall be in the absolute discretion of the Local Government, and no appeal shall lie from any refusal to grant any such certificate or to include in any such grant any particular right, privilege or capacity."

Similarly section 8 says :

"Where the Local Government of the province in which a person to whom a certificate of naturalization has been granted under this Act resides.....is satisfied that the certificate was obtained by a false representation or fraud or by concealment of material circumstances, or that the person to whom the certificate has been granted has shown himself by act or speech to be disaffected or disloyal to His Majesty, the Local Government shall, by order in writing, revoke the certificate."

Now there may be reasons—perhaps there are reasons—for conferring on any Government the right to revoke a certificate of naturalization on certain well-defined grounds. I want to put it to my friends whether this right ought not to be exercised by the Government of India as a whole in consultation undoubtedly with the Local Governments concerned, and whether we can contemplate with equanimity different standards being set up by the various Provincial Governments. When this Act was enacted in 1926, nobody thought of Provincial Governments in the sense in which we are thinking of them today. Provincial Governments are today autonomous, and the Government of India, as such, have no control over them whatever, and it does seem to me that this point deserves a very careful examination, viz., whether in view of the altered circumstances, this right of giving or revoking certificates of naturalization ought not to be brought under some kind of general control consistent with the scheme of Provincial Autonomy. I, therefore, suggest, Mr. Deputy President, that this Bill seeks to perpetuate the inferior status of India under the British Naturalization Act, that it seeks to perpetuate a racial distinction in citizenship, that is, between British citizenship which can be conferred upon Europeans and Americans and Indian citizenship to be conferred under this Statute purely on Asiatics, except people of Europe and America, and, as my Leader points out, I do not see the reasonableness of this distinction between Europe and America on the one hand and the rest of the globe on the other, except the conscious racial superiority complex that after all Europe and America represent the best on God's earth, and they cannot be expected to come to the humble Legislature of India, and that they must apply to Britain for it but that if Turkey or some other part of a country happens to be in Asia, they must come into line with us. The last point I want to make is this. This Act contemplates Local Governments being the complete masters in this matter. I do suggest that this matter deserves a very careful examination. In view of the new status of Provincial Autonomy, we must see whether it is right and expedient that each Local Government should make its own conventions and laws, with regard to the granting or revoking of these naturalization certificates. All these matters deserve a very careful consideration. I do hope that this Bill will be circulated for public opinion to all Local Governments and to all authorities concerned, and that it will also be sent to the President of the

Republic of Turkey and to the President of the Soviet so as to get their opinions as to how they look upon this Bill, and when all these opinions are collected, I suggest that the Government should apply some brains to it and bring forward a measure which will remove the inferior status of our country, place it on the same status as the Dominions of the British Commonwealth, and also give us a uniform all-India law of naturalization which will help the development, as I said, of a real self-governing and self-respecting India. I, therefore, support this motion for circulation.

Maulana Zafar Ali Khan (East Central Punjab : Muhammadan) : Sir, I will only add one sentence to what my friends over there have said. This Bill is superfluous, because no one can imagine that any citizen of the United States of America or any citizen of Europe or any free-born member of a dominant race would care to come to India and apply for naturalization. No self-respecting European or American would care to become a subject in India, which is a dependency of Britain,—in India which is a slave country. Therefore, this Bill is superfluous. Talking of Turkey, there are two parts in Turkey, Turkey in Europe and Turkey in Asia. Well any inhabitant of that part of Turkey which is situated in Europe *ipso facto* according to the logic employed here would not be accepted as a naturalized Indian but that unfortunate portion of Turkey which happens to be situated in Asia might come under this Act. For these obvious reasons I think my friend, Mr. Mudie, the Mover of this Bill, should expunge the proposed provision altogether from the Indian Naturalization Act.

Mr. Bhulabhai J. Desai (Bombay Northern Division : Non-Muhammadan Rural) : Mr. Deputy President, I cannot allow this opportunity to pass without raising what appears to me to be a question of great national importance. It would appear that a Bill like this sometimes passes by the minds of many unless its implications are fully understood. It is not a question of any difference of opinion as between myself and those on this side of the House and even the representatives of the Government. It is a much larger question which even at the risk of repetition and perhaps in a less technical manner I wish to bring before this House, and which in fact my Honourable friend, Mr. Satyamurti, has already done. The really large question is this. Irrespective of the question whether Parliament has a sovereign and supreme right of legislation for this country or not, and without trenching upon it, if in the English Act the rights of citizenship in the Dominions is left to be created by the legislatures of the Dominions themselves, it does not offend against the right of this sovereign legislature at all if by introducing India in that schedule a similar right is conferred upon this country. It appears to me that the point, therefore, is not so much as the present amending Bill as the earlier Acts which were passed dealing with this matter, where, either by reason of oversight or by reason of the state of mind which then characterized our representatives, a position was accepted which is now becoming more and more pronounced and which should not be accepted or tolerated any longer. It is not even a question of a sovereign legislature for India. It is not necessary to wait for that period in order, at all events, to assert a nationality of our own which others, if they care to, might adopt by naturalization. It appears to me, therefore, that apart from and without reference to the smaller amendment that is now sought to be made and which also involves, unconsciously

[Mr. Bhulabhai J. Desai.]

it may be though, I am not prepared to accept that it is unconscious having regard to the language which I shall presently examine, some difficulty. I quite agree that none of us need, by repetition, contend against your view of the matter that this superiority complex of yours should disappear. I think it is up to us to shed our inferiority complex and refuse to recognise your superiority. That is the true approach to these problems. Therefore, whenever you make any attempt to impose your superiority complex by making that distinction, I think every Member of this House ought to resist it and it is that which is sought to be made by this amendment. It does not matter to me whether the Goanese are naturalized or not. That is a trivial matter. The issue is, in addition to the first bigger issue, that it is the duty of this Government to see—and, in fact, it surprised me that when the Act of 1935 was passed and when it was pretended that we were being raised to a higher status approaching self-government or on the road to it—that our citizenship should be put on the same footing as the citizenship of other self-governing parts of the Empire, the Dominions. It is a question which ought to have been taken up and even though it might have been omitted in the considerable amount of struggle that went on over other issues probably this matter was lost sight of. But it is not too late at all for us now to consider, as our attention has been drawn to the matter, that the primary point which the Government of India ought immediately to take up is the inclusion of India in the Schedule to the British Naturalization Act. I hope I won't be told 'We have done our best and failed' because that is a formula which does them little credit though they sometimes get rattled when we tell them that they have not done their best and, therefore, they deserve a certain amount of expression of dissatisfaction. They try to deprive us even of that little satisfaction by resorting to all sorts of methods with which this House has now become familiar. Therefore, the first point which I wish to press again and again on the Government of India is to take advantage of this occasion and withdraw this Bill and press for the inclusion of India in the Schedule and bring the Indian Statute in line with the British Statute, so that any person of whatever nationality if he wants to become by naturalization an Indian citizen has got to bring himself within the Indian Statute. That is our first demand and inasmuch as I see the greatest importance of this measure from that point that I have occupied the time of the House. It is a thing which I cannot allow to be passed when we have got an occasion of this nature. It is a thing which requires no modification of the supreme sovereignty of British inasmuch as they have recognised that other parts of the British Commonwealth may have their own citizenship under their own laws.

Coming to the amendment proposed. If it were not a part of the Bill and if it were not in this House, stronger language could easily be used though I am told that even if I used it here it won't be unparliamentary. But I prefer not to use it. Now, let us see what is sought to be introduced. "That he is not a British subject" because that is part of the old Act, and being a British subject he has acquired the rights of Indian citizenship incidentally. Then it says: "or a subject of any State in America". I do not see why these words are needed at all for the very good reason that I concede and I realise that a subject of a State in America may, by obtaining a certificate under the English Act, avoid

the necessity of getting a certificate under our Act, but, nonetheless, why is it necessary that we should be debarred from naturalizing. Supposing there is an American—and I hope a day might easily come; you may not imagine it to be possible but we do—who says: "I do not want to be a British subject, but nonetheless I want to be an Indian citizen." The result of those words is to debar him from becoming the Indian citizen without becoming a British citizen. I do not see any justification for that at all unless the idea is, as I shall presently point out by a clear examination, to have Africa and Asia on the one side and Europe and America on the other. I have no objection to your doing so but you must remember that the more constantly you emphasise this matter the more difficult you make it for yourself for the kind of goodwill that Europe and America in a short time would be expected to demand from the rest of the globe notwithstanding its partition as your properties. Remember, therefore, that what you are doing now is not even respecting yourselves. You are really emphasising what it is time you realised it is not necessary nor is it wise to emphasise. Take the next: "or a subject of and having his domicile of origin in the Europe territories". In other words, you may have what you may call a State having its territories in more than one continent, but the citizens of that State in so far as they have their domicile of origin in the European portion of it can acquire Indian citizenship only by becoming British citizens. But those of the subjects of the double State as I call it, a double continent State, who are and who have their domicile of origin in Africa or in Asia, to them alone this particular Bill is to be applied. Therefore, it is perfectly obvious, if you carefully examine it, what the object of this statute is. The object of the statute is that whereas an African or an Asiatic has to be of any of the European States, any of the States which might have their territories both in Europe or even in America for the matter of that as well as in Asia or in Africa, it is only the non-European and the non-American subjects who at all can acquire the right of naturalization under this statute. What I object to is not so much the fact that only the Asiatics and the Africans can apply as the fact that it should still occur to Indian Legislature in proposing an amendment that they should perpetuate this distinction even in the case of the subjects of the same State. You must remember that it may be any State. It happens to be Russia; it may happen to be Turkey; it may now happen to be Italy with the recognition of Abyssinia under the bullying tactics to which you have to submit and which they would try to perform here in a smaller way. But you must remember that the bully who has bullied in one place cannot continue to bully others for quite a long time. You must, therefore, remember that this Bill, innocent though it may appear, has such an extremely vicious principle behind it, such a vicious distinction behind it, that you will only respect yourselves by withdrawing it and it is quite unnecessary that it should be circulated at all.

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

And the only point that the Government of India should take up is that the British Government should include India in the Schedule of the British Nationality and Status of Aliens Act along with other Dominions which I have mentioned. That is the last thing that the Government could decently do in the circumstances of this character.

Mr. R. F. Mudie : Sir, in the course of the debate I have come to the conclusion that a little reflection would not be a bad thing for some Members of this House. I, therefore, propose to agree to circulation. But before sitting down, I should like to make a few remarks on some of the more prominent points taken in the debate.

Mr. Das' objection was practical. He is afraid that India is swamped by Goanese cooks who presumably will penetrate even to Orissa. He has no qualms at all about the dangerous Kabuli money-lender whom he is perfectly prepared to naturalise, but the Goanese cook is apparently something that he is really afraid of, a kind of bugbear.

Mr. B. Das : Because he is not patriotic.

Mr. R. F. Mudie : The Kabuli moneylender may not be either. Anyhow his objection was practical. He does not want Goanese cooks.

As regards the rest of the debate, I find it extremely difficult to follow.

Mr. Bhulabhai J. Desai : I am very extremely sorry for you. We explained it as clearly as possible. It is hardly any reflection on us.

Mr. S. Satyamurti : Why don't you leave the Bill to some one who can follow ?

Mr. R. F. Mudie : One Honourable Member seems to consider that the object of this Bill was to prevent the Government of India naturalising Europeans. That seems to be the opinion even of the Leader of the Opposition. I can only point out that there is no prohibition whatever against the Government of India naturalising Europeans. As I pointed out while introducing the Bill—the Leader of the Opposition also knows this—there are two Acts that govern naturalisation, the British Act and the Indian Act. I cannot exactly tell why the Indian Act of 1926 excluded Europeans and Americans. I was not in the House then, but I did look through the whole proceedings and found that the point was never taken there even by Mr. Das.

Mr. B. Das : That point was taken up by my Honourable friend, Mr. Aney, in 1925.

Mr. R. F. Mudie : Perhaps I missed it then. But I did offer a suggestion, that because the Indian Government have the power to naturalise any one under the other Act and it was assumed that Europeans and Americans would be able to come under the other Act. If that has been the objection of the Opposition to this Bill, they were at perfect liberty to move an amendment which could be duly considered. But I think it would have been an unnecessary amendment. I would call the attention of Mr. Bhulabhai Desai to section 8 (1) of the British Act. Mr. Desai is very angry because India is not mentioned in Schedule.

Mr. Bhulabhai J. Desai : I was not angry.

Mr. R. F. Mudie : Then he pretended to be angry. Under section 8, the powers of the British Government are expressly conferred on the Indian Government. In 1914, I think it was only natural, and probably the only possible course, that a measure enabling the Government of India to confer the status of a British subject not only in India but in Great Britain should be passed by the British Parliament of Great Britain.

If the Government of, say, South Africa is prepared to accept the position held by the Government of India under this Act, and to adopt Part II, then they can confer the status of a British subject anywhere in the British Empire. If they adopt their own Act, they have less power than the British Act gives to the Government of India.

Mr. Satyamurti waxed eloquent about Dominion Status.....

Mr. S. Satyamurti : I was talking of independence. Keep the Dominion Status to yourself !

Mr. R. F. Mudie : Yes. I know you don't want it. I meant Provincial Autonomy—and the stupidity of those behind the Government of India. He regretted one—in fact both are objectionable to him—He thought it dangerous that each autonomous Provincial Government should have the right to naturalise aliens and he considered that they might not all adopt the same standard.

The Government of India may have very little brains but they would hesitate to make a speech on naturalisation without reading the Act. If Mr. Satyamurti will look at the Government of India Act, List I, Schedule VII, Item 49, he will find that naturalisation is one of the functions of the Government of India.

Mr. S. Satyamurti : But have you amended the Act ?

Mr. R. F. Mudie : If he will look at the adaptation order made to bring the adaptation clause under the existing Indian Acts into line with the Government of India Act, he will find that the words ' Local Government ' in this Act have been omitted and the words ' Central Government ' substituted.

I hope that next time Mr. Satyamurti talks about the brains behind the Government of India he will make sure of his facts.

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

" That the Bill be circulated for the purpose of eliciting opinion thereon by the 31st December, 1937."

The motion was adopted.

The Assembly then adjourned till Eleven of the Clock on Friday, the 27th August, 1937.

LEGISLATIVE ASSEMBLY.

Friday, 27th August, 1937.

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

STARRED QUESTIONS AND ANSWERS.

(a) ORAL ANSWERS.

AVAILABILITY OF THE INDIAN ARMY FOR THE DEFENCE OF BURMA.

139. *Mr. T. S. Avinashilingam Chettiar : Will the Defence Secretary state :

(a) whether there is any understanding or agreement with Burma that the Indian Army will be available for the defence of Burma ; and

(b) what are the full terms of the agreement ?

Mr. C. M. G. Ogilvie : Since any aggression against Burma would naturally concern India very closely it is necessary that in any emergency we should be prepared to send military assistance from India, provided the situation as regards India and her frontiers rendered such assistance possible. An agreement to this end has been reached, the details of which it is not in the public interest to disclose.

Mr. T. S. Avinashilingam Chettiar : May I know when this agreement was reached ?

Mr. C. M. G. Ogilvie : I cannot give the exact date ; quite recently.

Mr. T. S. Avinashilingam Chettiar : As it has been agreed that Indian troops will be sent to protect Burma, may I know whether Burma has been asked to contribute anything towards the military cost of India ?

Mr. C. M. G. Ogilvie : The exact details of the arrangement I cannot disclose.

Mr. T. S. Avinashilingam Chettiar : I do not want the exact details. I want to know whether in view of this agreement to send Indian troops to Burma it has also been agreed that Burma should contribute anything towards India's military expenditure ?

Mr. C. M. G. Ogilvie : As far as I am aware, Burma does not contribute in cash.

Mr. B. Das : Is that not another form of subsidy to the Burma Government by giving them military help while Burma only takes the burden of one crore of rupees of its military expenditure ?

Mr. C. M. G. Ogilvie : I should like to have notice of that question.

Mr. S. Satyamurti : May I know the reasons why the Government of India have let off the Government of Burma from the obligation to contribute to India's military expenditure ?

Mr. C. M. G. Ogilvie : I shall require notice of that question.

Pandit Lakshmi Kanta Maitra : When this agreement was arrived at between the Government of India and the Government of Burma, did the Government of India place the case of the Indian Government before them that they should be called upon to contribute a portion of the expenses of the Indian army in return for military assistance ?

Mr. C. M. G. Ogilvie : I should like to have notice of that question.

Mr. M. Asaf Ali : In view of the fact that Burma has now been separated from India, who is going to bear the expenses of the defence of the North-Eastern Frontier ?

Mr. C. M. G. Ogilvie : Burma will be liable for her own local defence.

Mr. M. Asaf Ali : Will they pay for the Watch and Ward and the Constabulary as well ?

Mr. C. M. G. Ogilvie : As far as I know, certainly.

Mr. Mohan Lal Saksena : Has there been any reduction in the strength of the British army in India on account of this agreement ?

Mr. C. M. G. Ogilvie : No, Sir.

Qazi Muhammad Ahmad Kazmi : Who was the representative of India in these negotiations with the Government of Burma ?

Mr. C. M. G. Ogilvie : I shall require notice of that question.

Mr. S. Satyamurti : Does this agreement contemplate the Indian Government sending troops to Burma only in the event of war, or does it contemplate sending troops even for internal security or small skirmishes on the frontiers of Burma ?

Mr. C. M. G. Ogilvie : It contemplates sending military assistance from India in an emergency. What type of emergency will necessitate that I am afraid I cannot at present forecast.

Mr. S. Satyamurti : Does the emergency contemplate the maintenance of internal security in Burma ?

Mr. C. M. G. Ogilvie : I cannot answer without notice.

Mr. S. Satyamurti : Sir, the question is about the agreement itself, and he must be prepared to answer questions about the full terms of the agreement.

Mr. President (The Honourable Sir Abdur Rahim) : I have said on several occasions before, and there is no use repeating it so often, that if an Honourable Member of Government is not in a position to give any further information than he has given the Chair cannot compel him to do so.

Mr. K. Santhanam : If these Indian regiments are sent to Burma, will the rule about Great Britain bearing the cost when Indian regiments are sent outside hold good here also ?

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

INDIANS AND EUROPEANS IN THE HIGHER GRADES OF THE HOME DEPARTMENT.

140. ***Mr. T. S. Avinashilingam Chettiar :** Will the Home Member state :

- (a) the number of Indians and Europeans in the higher grades of the Home Department in the years 1935-36 and 1936-37 ;
- (b) whether any additions have been made in the ranks of the higher grade officers ;
- (c) if so, what are the reasons for these additional hands being entertained ; and
- (d) whether the Standing Finance Committee was consulted in the matter ?

Mr. B. F. Mudie : (a) In 1935-36, six European officers and three Indian officers and in 1936-37, two Indians and seven Europeans served for varying periods in higher grades of the Home Department.

(b) During the years mentioned in part (a), the number of higher grade officers in the Home Department was seven except for a few months in 1936, when the number was six.

(c) Does not arise.

(d) No.

DISASTER TO THE GERMAN EXPEDITION TO NANGA PARBAT.

141. ***Mr. Sri Prakasa :** (a) Will the Foreign Secretary state the exact facts regarding the disaster to the German Expedition to Nanga Parbat ?

(b) Did the members of this expedition before starting apply to Government for permission to go on the said expedition ?

(c) Did Government give the required permission and what, if any, was the assistance offered by Government to this expedition ?

(d) Is it not a fact that some expeditions to Nanga Parbat in the past have also met with similar disaster ?

(e) Do Government propose to consider the desirability of refusing to allow further expeditions unless assured that such expeditions are likely to fulfil some scientific purpose and are not merely in the nature of adventure, and also that every reasonable precaution is taken for the safety of the persons concerned ?

Lieut.-Colonel A. E. B. Parsons : (a) Government have nothing to add to the reports published in the Press.

(b) Yes.

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(c) Yes. Usual facilities, e.g., Customs exemption on the expedition's equipment were granted.

(d) Yes.

(e) Such expeditions are, and will continue to be, sanctioned after careful consideration of all the circumstances, including the climbers' mountaineering experience and ability. Government deny the implication that such expeditions serve no scientific purpose and that all reasonable precautions were not taken in the present case.

Mr. Sri Prakasa : With reference to the answer to part (e), may I know if Government make sure not only of the capacity of these adventurers from abroad to face the rigours of the mountains, but also the capacity of the Indian labourers and assistants that they take with them ?

Lieut.-Colonel A. E. B. Parsons : Yes, Sir.

Mr. Sri Prakasa : May I know what exact tests were applied to the labourers that went with the last expedition, and what compensations, if any, have been given to the families of those that were killed in this expedition ?

Lieut.-Colonel A. E. B. Parsons : These labourers, I believe, are selected through the various mountaineering societies and organisations and are of a very high standard of ability.

Mr. Sri Prakasa : Are the labourers of a very high standard of ability or are their choosers persons of such great ability ?

Lieut.-Colonel A. E. B. Parsons : Both, Sir. I cannot, I am afraid, answer whether any compensation has been given or is proposed to be given to the people who lost their lives ; but I think, as a rule, these expeditions always do so.

Mr. N. M. Joshi : May I ask whether the Government of India will consider the advisability of applying the Workmen's Compensation Act to these hazardous undertakings ?

Lieut.-Colonel A. E. B. Parsons : No, Sir.

Mr. N. M. Joshi : May I ask, why ?

Lieut.-Colonel A. E. B. Parsons : Because they do not think it necessary.

Mr. N. M. Joshi : May I ask whether the Government of India did ever consider this question ?

(No reply.)

SITUATION ON THE FRONTIER.

142. ***Mr. Sri Prakasa :** Will the Foreign Secretary state what is the exact situation on the Frontier ; and what has been the total cost up-to-date of the recent operations and the approximate loss of lives of (i) Indians, (ii) Frontier people ; and (iii) Europeans ?

Mr. C. M. G. Ogilvie : As regards situation on the Frontier and the cost of recent operations, I would refer the Honourable Member to the

reply I gave to starred question No. 40 on the 24th instant. The number of killed between 17th February, 1937, and 17th August, 1937, is as follows :

- (i) Indians .. 148 (civilian 10 military 138).
- (ii) Frontier tribesmen 689 These figures are an estimate only.
- (iii) Europeans .. 31.

Mr. Sri Prakasa : Does not the Honourable Member think that the proportion of Europeans killed is exceedingly inadequate ?

Mr. Abdul Qaiyum : The Honourable Member has referred to the answer he gave on the last occasion. May I know if any peace terms have been offered, since the last question was answered, to the tribes ?

Mr. President (The Honourable Sir Abdur Rahim) : There is nothing about peace terms in the question.

Mr. Abdul Qaiyum : What is the exact situation in the Frontier today ?

Mr. C. M. G. Ogilvie : I refer the Honourable Member to the answer I gave on the 24th of August, 1937. I can do no more than that. If he wishes it, I can read it again.

Mr. President (The Honourable Sir Abdur Rahim) : It is not necessary.

Mr. Abdul Qaiyum : Since then some peace terms have been offered to the tribes ?

Mr. President (The Honourable Sir Abdur Rahim) : After the 24th of this month ?

Mr. Abdul Qaiyum : Yes, Sir, because the information supplied on the last occasion is not quite upto date.

Mr. C. M. G. Ogilvie : I do not think, Sir, the question of peace terms arises out of this question. The actual situation on the Frontier may have been modified after the announcement of the peace terms, but I am not in a position to say whether it has or not.

Mr. M. Asaf Ali : Sir, it is not a question of peace terms only. I should like to know what is the exact situation today ?

Mr. President (The Honourable Sir Abdur Rahim) : Has the Honourable Member read the answer ?

Mr. C. M. G. Ogilvie : As far as I know, it is exactly the same as it was on the 24th of August.

Mr. M. Asaf Ali : Has the situation changed on the Frontier since the Honourable Member gave his last answer ?

Mr. C. M. G. Ogilvie : As I have repeatedly said, to the best of my belief, it has not.

Mr. Lalchand Navalrai : Can the Honourable Member tell me whether bombing operations have ceased or they are still in force ; if they have not ceased, when will they cease ?

Mr. C. M. G. Ogilvie : I shall require notice of the latter part of the Honourable Member's question. As regards the first part of it, as far as I know, no bombing operations are now in progress. I cannot

add to the answer which I have already given on the 24th of August, 1937.

Mr. M. Asaf Ali : Is the Honourable Member aware that the Government have issued a communiqué since he gave his answer on the 24th August ? Is he prepared to say that the communiqué represents the exact situation today, or it does not ?

Mr. C. M. G. Ogilvie : I am unable to say whether any alteration has occurred today.

Mr. M. Asaf Ali : I merely wanted to know whether the communiqué issue by the Government since that answer was given on the 24th August, 1937, is a correct representation of the exact situation on the Frontier today or not ?

Mr. C. M. G. Ogilvie : I should like to know what communiqué the Honourable Member is referring to.

Mr. M. Asaf Ali : It is not for me to say that. It is for the Honourable Member to say whether he is aware of it or not.

Mr. C. M. G. Ogilvie : I do not know what communiqué the Honourable Member is referring to.

Mr. Mohan Lal Saksena : Has any communiqué been issued since the Honourable Member gave his answer on the 24th August, 1937 ?

Mr. C. M. G. Ogilvie : I do not know.

Mr. M. Asaf Ali : The communiqué to which I am referring was issued to the press yesterday, and it has appeared in the papers today, and if the Government are not aware of it, it is not my fault.

Mr. C. M. G. Ogilvie : I have not seen the communiqué.

Mr. S. Satyamurti : May I know if certain peace terms have been conveyed to the Frontier tribes, and whether the Government are aware that these peace terms have been conveyed to the leaders of the tribes concerned ?

Mr. C. M. G. Ogilvie : I believe that peace terms have been conveyed to the leaders of the tribes.

Mr. S. Satyamurti : May I know if the Government have heard from the Frontier tribes or on their behalf, their response to these peace terms ?

Mr. C. M. G. Ogilvie : I believe that partial answers from certain sections have been or are in course of being received. What they are, I do not know.

Mr. S. Satyamurti : May I know if these peace terms contemplate any change in the policy of the Government towards these tribes ?

Mr. C. M. G. Ogilvie : I do not think that that arises out of this question.

Mr. Abdul Qaiyum : May I know if it is intended to create protected areas in the tribal areas of this province under these peace terms ?

Mr. C. M. G. Ogilvie : I don't think that that arises out of this question.

Mr. M. Asaf Ali : The Honourable Member goes on saying that this does not arise out of the question. The question is as follows.....

Mr. President (The Honourable Sir Abdur Rahim) : He has said that he has not got any further information.

Mr. M. Asaf Ali : If he says so, I shall stop immediately. The question is, will the Foreign Secretary state what is the exact situation on the Frontier, and he has admitted the fact that certain peace terms have been offered to the tribes. I should like to know to which tribes these peace terms have been offered and what response has been forthcoming from these tribes ?

Mr. C. M. G. Ogilvie : I think that if the Honourable Member will address these questions to the Secretary in the Foreign Department, he will probably be able to give more satisfactory answers. I think the Foreign Secretary is dealing with such a question ; it is No. 151.

Mr. M. Asaf Ali : Sir, may I draw your attention to the fact that this particular question was really addressed to the Foreign Secretary, and if the Defence Secretary takes it upon himself to answer the question, we are not responsible.

Mr. President (The Honourable Sir Abdur Rahim) : The Foreign Secretary is here, and he can answer it.

Mr. M. Asaf Ali : Then why does he not answer ? (After a pause.) Will the Foreign Secretary answer the question, Sir ?

Mr. President (The Honourable Sir Abdur Rahim) : Yes.

Mr. S. Satyamurti : Surely, Sir, he must get up and say whether he is willing to answer or not. I submit, Sir, it is a matter of common etiquette. He can't go on sitting tight without answering the question.

Mr. President (The Honourable Sir Abdur Rahim) : I pointed out the other day that it does happen in Parliament that when an Honourable Member of Government has not any further information to give, he need not always get up and say so.

Mr. Abdul Qaiyum : They have plenty of information about the new peace terms. If the Honourable Member denies that he has knowledge of the new peace terms, then we shall leave the matter there.

Mr. President (The Honourable Sir Abdur Rahim) : You can't go on arguing like that. Next question please.

Mr. Mohan Lal Saksena : May I know why the Foreign Secretary does not answer the question when the question is addressed to him ?

Mr. President (The Honourable Sir Abdur Rahim) : I have called the next question.

MENTAL HOSPITAL AT RANCHI.

143. ***Mr. Sri Prakasa** : Will the Honourable the Home Member state :

- (a) if it is a fact that the Mental Hospital at Ranchi only takes Europeans and only such Indians as have their domicile in the provinces of Bengal, Bihar and Orissa ;
- (b) if so, why is there any discrimination against the people of other provinces ; and
- (c) what is the annual expenditure on this hospital and what is the approximate income from the inmates and the amount of grant given by the Central Government to it ?

Mr. R. F. Mudie : (a) and (b). The European Mental Hospital at Ranchi is intended to serve the needs of the Presidency of Bengal and the Provinces in Northern India where there is no adequate arrangement for the treatment and care of European and Anglo-Indian patients. Recently ten beds in the hospital have been reserved for Indian patients from these Provinces.

(c) The total expenditure during the year 1935, the year for which latest information is available, was Rs. 3,85,062 which was equal in amount to the receipts. No grant is given by the Central Government.

Mr. Sri Prakasa : I am sorry I could not catch the Honourable Member's reply to part (a) of the question. Do I understand that certain seats are reserved for Indians from the provinces of Bihar, Bengal and Orissa, and none for Indians from other provinces ?

Mr. R. F. Mudie : Ten beds in the Hospital have recently been reserved for Indian patients from these provinces, that is, Bengal and the Provinces of Northern India.

Mr. Sri Prakasa : When this is a central subject, why are persons, unfortunately suffering from mental diseases, not allowed to go to this particular hospital from provinces other than the three the Honourable Member mentioned ?

Mr. R. F. Mudie : I did not quite catch the Honourable Member's question.

Mr. President (The Honourable Sir Abdur Rahim) : I think it will be more convenient if the Honourable Mr. Mudie comes a little nearer. (The Honourable Member then came to the front bench.)

Mr. Sri Prakasa : My voice is loud enough. My simple question is this. When this is a central subject, why are persons, unfortunately suffering from mental diseases, debarred from entering this hospital if they happen to belong to provinces other than the three mentioned by the Honourable Member ?

Mr. R. F. Mudie : I should like notice of that question. As far as I know, that was the object with which the Mental Hospital was founded—for these provinces.

Seth Govind Das : Is it being administered by the Central Government or the Provincial Governments ?

Mr. R. F. Mudie : It is the Government of India that administers it.

Seth Govind Das : The Central Government administers it ?

Mr. R. F. Mudie : It is administered by a Board, and not directly by the Government of India.

Seth Govind Das : That Board is appointed by the Central Government ?

Mr. R. F. Mudie : Various authorities nominate to the Board.

Pandit Lakshmi Kanta Maitra : Who finances this institution ?

Mr. R. F. Mudie : It is financed from the fees of the inmates.

Seth Govind Das : No grant is being given by the Central Government ?

Mr. R. F. Mudie : That was the answer that I gave—that no grant is given by the Central Government.

Mr. Mohan Lal Saksena : Who makes up the deficit, if there is any ?

Mr. R. F. Mudie : Just as any other institution does—it makes up its deficit by retrenchment, borrowing, etc.

Mr. Badri Dutt Pande : What control have the Government of India on this hospital ?

Mr. R. F. Mudie : I cannot give a detailed answer offhand. They have certain rule-making powers and power to nominate certain persons to the managing committee.

Seth Govind Das : Is it, or is it not a fact, that, after all, this is a central institution and not a provincial institution ?

Mr. R. F. Mudie : It comes in List I of the Seventh Schedule of the Government of India Act,—Federal Legislative List.

Seth Govind Das : If this is a central institution why should the people of other provinces be debarred from entering that institution ?

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

Mr. Badri Dutt Pande : Had the Honourable Member any opportunity of visiting that hospital officially ?

Mr. R. F. Mudie : I have not had that opportunity in either capacity. (Laughter.)

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

BRITISH JOURNALIST IMPORTED AS DIRECTOR OF PUBLIC INFORMATION.

144. ***Mr. Badri Dutt Pande** : Will the Honourable the Home Member state :

- (a) why a British Journalist has been imported from outside as Director of Public Information ; and
- (b) why the post did not go to an Indian ?

Mr. J. A. Thorne : I would refer the Honourable Member to the answer given by me on the 24th instant to part (n) of Mr. S. Satyamurti's starred question No. 66.

Mr. Badri Dutt Pande : Was the post ever advertised by the Federal Public Service Commission, or was the appointment made direct ?

Mr. J. A. Thorne : The post was not advertised by the Public Service Commission.

Mr. Badri Dutt Pande : Why was it not ?

Mr. J. A. Thorne : I have not come prepared to answer that question. If the Honourable Member will give me notice I should be glad to answer it.

Mr. Mohan Lal Saksena : Was it advertised at all ?

Mr. T. S. Avinashilingam Chettiar : Was it not advertised because of the fear that a qualified Indian may be available ?

Mr. J. A. Thorne : I need hardly say that the answer is No.

Mr. K. Santhanam : What are the special qualifications of this British journalist ?

Mr. President (The Honourable Sir Abdur Rahim) : That does not arise.

Mr. Mohan Lal Saksena : Was it advertised in England ?

Mr. J. A. Thorne : I believe No.

Seth Govind Das : Was there any Indian available for this purpose ?

Mr. J. A. Thorne : The answer I gave was that "having regard to the qualifications required the Government considered him the most suitable selection". It follows from that that no Indian or other Englishmen whom the Government considered possessed precisely the qualifications possessed by this gentleman.

Seth Govind Das : Did no other gentleman possess all those qualifications which are possessed by the gentleman who has been appointed ?

Mr. J. A. Thorne : That follows.

Pandit Lakshmi Kanta Maitra : What is the pay attached to this job ?

Mr. J. A. Thorne : I should like notice.

REPORT OF THE TWO MEMBERS OF THE INDIAN LEGISLATIVE ASSEMBLY SENT TO ENQUIRE INTO THE CONDITIONS OF PRISONERS IN THE ANDAMANS.

145. ***Mr. Badri Dutt Pande :** (a) Will the Honourable the Home Member state if recently the Government of India sent two Honourable Members of the Legislative Assembly to the Andaman Islands to enquire into the condition of the prisoners who are deported there ?

(b) If so, have they submitted a report ?

(c) Has that report been published ?

(d) Will a copy be available to the Members of the House ?

Mr. E. F. Mudie : (a) Yes.

(b) No : but Sir Muhammad Yamin Khan has favoured us with some notes on his visit.

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

Mr. S. Satyamurti : Will the notes be published ?

Mr. E. F. Mudie : If the Honourable Member wishes, I am perfectly prepared to do so.

EXPENDITURE INCURRED IN THE WAZIRISTAN MILITARY EXPEDITION.

146. ***Mr. Badri Dutt Pande :** (a) Will the Defence Secretary state what is the total amount of expenditure incurred by the Government in the recent Waziristan military expedition ?

(b) Why was this punitive expedition sent ?

(c) What was the total number of force employed ? And the total number of casualties on both sides ?

(d) How many persons were kidnapped and how many recovered ?

(e) What are the military and economic resources of the Faqir of Ipi ?

Mr. C. M. G. Ogilvie : (a) I would refer the Honourable Member to the reply I gave to part (a) of starred question No. 40 on the 24th instant.

(b) and (c). I would refer to paragraphs 9—17 of the Summary of important matters concerning the Defence Services in India, 1936-37, copies of which have been supplied to Honourable Members. The number of casualties is stated in my reply to part (b) of question No. 40.

(d) I would refer the Honourable Member to the answer given by the Foreign Secretary to parts (a) and (b) of starred question No. 69 on the 24th instant.

(e) The Faqir is assisted by tribesmen whose numbers vary from time to time and according to information received he is supplied with grain and cash both by the tribesmen and by residents of the Settled Districts. It is, however, impossible to give any exact estimate of his resources.

Mr. Abdul Qaiyum : May I know if any enquiry has been made and if the Honourable Member is prepared to state who are the persons in the settled districts supplying cash and grain to the Faqir of Ipi ?

Mr. C. M. G. Ogilvie : I am unable to tell you that.

Mr. T. S. Avinashilingam Chettiar : Last time when I asked for the expenditure the Honourable the Defence Secretary said that the Finance Member would answer. But the Finance Member said that it was the spending department that should give the expenditure. In this case we are nowhere and we have not got the information.

Mr. President (The Honourable Sir Abdur Rahim) : If the information has not been already supplied in answer to the previous question, I think the Honourable Member (Defence Secretary) should give the information.

Mr. C. M. G. Ogilvie : I am not quite clear about which part.

Mr. President (The Honourable Sir Abdur Rahim) : As regards the expenditure I understand.

Mr. C. M. G. Ogilvie : That is a matter for the Finance Member, at least in my opinion, and, I think, in his, because the accounts are not kept by us, and the accounting of the costs of very many of the complicated items which go to make up a war bill has not yet been completed. I understand, however, that he had or has a certain amount of information already available but it is not in my possession.

Mr. President (The Honourable Sir Abdur Rahim) : That being the position, I think the Government of India ought to supply the information as soon as the expenditure has been ascertained. Do I take it that the Government of India will furnish the information to the House when it is ready ?

Mr. C. M. G. Ogilvie : Yes.

Mr. Mohan Lal Saksena : When ?

Mr. C. M. G. Ogilvie : I cannot tell you.

Mr. Mohan Lal Saksena : Will it be before the Session is over ?

Mr. C. M. G. Ogilvie : Certainly.

PROHIBITION OF THE IMPORTATION OF THE BOOK ENTITLED " WHITE SAHIBS IN INDIA " BY MR. REGINALD REYNOLDS.

147. ***Mr. S. Satyamurti :** Will the Honourable the Home Member be pleased to state :

- (a) whether it is a fact that the Government of India have prohibited the importation of the book, entitled " White Sahibs in India " by Mr. Reginald Reynolds ;
- (b) if so, the reasons therefor ; and
- (c) whether Government propose to appoint a man of learning and culture to advise them with regard to prohibition of books ; and if not, why not ?

Mr. J. A. Thorne : (a) Yes.

(b) The aim of the book was clearly to bring the Government into hatred and contempt.

(c) Government have not hitherto felt the need for advice other than that which is available to them.

Mr. S. Satyamurti : May I know what is the normal advice available to them on this matter of prohibition ? Is it their own unaided intelligence, or do any men of learning, or educational culture, or broad outlook, advise them on this matter ?

Mr. J. A. Thorne : My Honourable friend puts that in a very difficult manner for me to answer because he describes those categories as mutually exclusive.

Mr. S. Satyamurti : You may have a broad outlook, but the Andamans debate did not show that. However, I am asking whether Government do it themselves or they have expert advice in this matter.

Mr. J. A. Thorne : We have no non-official specialist advisers.

Mr. S. Satyamurti : Are there any official specialist advisers ?

Mr. J. A. Thorne : Yes, officials who are concerned with the administration of the subject.

Mr. S. Satyamurti : May I know whether there are customs officials, or police officials, or educational department officials ?

Mr. J. A. Thorne : The responsibility is assumed by the Home Department.

Mr. S. Satyamurti : I am simply asking who reads these books and advises the Government of India. Are they officials of the Home Department, or the Criminal Intelligence Department or the Customs Officers or the Officers of the Educational Department ?

Mr. J. A. Thorne : In this particular case, I am not aware whether any customs officer has read the book or any police officer. But I do know that the order was passed after its perusal by the officers of the Home Department.

Mr. S. Satyamurti : Has the attention of the Government been drawn to a book called the ' Land of the Lingam ' written by Arthur Miles in the Paternoster Library ? Do the Government propose to appoint an officer of learning and culture to advise them.

Mr. President : (The Honourable Sir Abdur Rahim) : How does that arise ?

Mr. S. Satyamurti : It arises under part (c) of the question. Will the Honourable Member kindly lend me the book in his possession ?

Seth Govind Das : What about books written in the vernacular ? Who reads them ?

(No reply.)

CHANGE IN THE RECENT ORDER RELATING TO THE ORGANISATION OF THE INDIAN MEDICAL SERVICE.

148. ***Mr. S. Satyamurti :** Will the Defence Secretary be pleased to state :

- (a) whether, in view of the adjournment motion carried by the Assembly, and the expression of opinion by the press and the public throughout India, in favour of the decision of the Assembly, there is any proposal to change the recent order relating to the organisation of the Indian Medical Service ; and

- (b) whether Government propose to remove the racial discrimination in the recent order ; and if not, why not ?

Mr. C. M. G. Ogilvie : (a) No.

(b) Government do not admit that any racial discrimination is involved in the recent reorganisation of the Indian Medical Service.

Mr. S. Satyamurti : With reference to the answer to clause (a), may I know whether Government have considered this matter at all ?

Mr. C. M. G. Ogilvie : The question of the organisation of the Indian Medical Service is constantly under consideration.

Mr. S. Satyamurti : I want to know whether the question was reconsidered after the vote of this House.

Mr. C. M. G. Ogilvie : I should imagine, it was. I cannot say definitely.

Mr. S. Satyamurti : We do not want imagination, Sir. I want a definite answer.

Mr. President (The Honourable Sir Abdur Rahim) : Probably that is all the information he has. I cannot force him to give an answer.

Mr. S. Satyamurti : What is the value of these answers which are given ?

ARTICLE ENTITLED "INDIA AND IMPERIAL DEFENCE" PUBLISHED IN THE "HINDU".

149. ***Mr. S. Satyamurti :** Will the Defence Secretary be pleased to state :

- (a) whether his attention has been drawn to a leading article, entitled "India and Imperial Defence", in the *Hindu* of the 16th June, 1937 ;
- (b) whether the Government of India accept the position taken up by the Imperial Conference, viz., that each part of the Empire should provide its own security ;
- (c) whether they asked the representative of the Government of India to take up the position that India was contributing far more than her quota for the defence of the Empire, and claimed any relief in respect of the defence budget, and if not, why not ;
- (d) whether the Government of India have noted that the attention of the Conference was drawn to the part played by the regular forces of India in protecting British interests and to the frequent despatch of reinforcements to the various parts of the world ; and
- (e) whether, in view of these, and the services of the Indian soldiers on the several war fronts, the Government of India propose once more to press on His Majesty's Government the need for relief in respect of the Defence Budget of India ?

Mr. C. M. G. Ogilvie : (a) Yes.

(b) Yes.

(c) No, because the Government of India do not subscribe to the view expressed in the question.

(d) The Government of India have noted the reference. It refers not to Indian forces only but also to the Regular Forces of the United Kingdom.

(e) I would refer the Honourable Member to the answers given by my predecessor to starred question No. 152 on the 7th September, 1936.

Mr. S. Satyamurti : With reference to the answer to clause (c) of the question, may I know whether the Government have given up the position which they took up before the Capitation Tribunal two years ago, when they wanted a much higher contribution by the British Government towards Indian military expenditure, on the basis contained in this question ?

Mr. C. M. G. Ogilvie : The point, I think, is that the Government of India do not and cannot possibly ever take up the position that India is contributing less than her quota but the position which they do take up is owing to the financial position of India they always endeavour to obtain any concession from His Majesty's Government that they can.

Mr. T. S. Avinashilingam Chettiar : Charity ?

Mr. C. M. G. Ogilvie : Yes, charity.

Mr. S. Satyamurti : The question is not less but more. Has my Honourable friend read the case put up before the Capitation Tribunal by the Government of India for a much higher contribution towards Indian defence expenditure on the very ground stated in this question ?

Mr. C. M. G. Ogilvie : I have read the report of the Capitation Tribunal.

Mr. S. Satyamurti : With reference to clause (b), I thought my Honourable friend said 'Yes'. Am I right ?

C. M. G. Ogilvie : Yes.

Mr. S. Satyamurti : Does the Honourable Member admit that, as a matter of fact, India is today providing for her own security ?

Mr. C. M. G. Ogilvie : Her own local security ? Yes—security against attacks from tribes on her border.

Mr. S. Satyamurti : With reference to the answer to clauses (d) and (e) of my question, in connection with the despatch of troops to Shanghai, Hongkong and Singapore, as illustrative of my point, will the Government of India take up with His Majesty's Government the question of their paying more for the maintenance of these troops as an Imperial war reserve ?

Mr. C. M. G. Ogilvie : All I can say is that no further cost has been imposed upon the Indian exchequer by the despatch of these troops but rather the Indian exchequer will be saved the cost of their upkeep during the time they are abroad.

Mr. S. Satyamurti : That is not my question. In view of the fact that these troops have been kept at the maximum efficiency as an Imperial War Reserve, will the Government of India take up the question, with His Majesty's Government, of their contributing to the normal maintenance of these troops which can be drawn upon in emergencies ?

Mr. C. M. G. Ogilvie : The fact is that these troops are not maintained here as Imperial War reserve and if local conditions were such

that they could not have been safely despatched, they would not have been despatched.

Mr. M. Asaf Ali : With regard to these troops sent out of India, will they be receiving any overseas allowances, I am talking of the Indian troops ?

Mr. C. M. G. Ogilvie : As far as I know, that matter is under consideration. If the Honourable Member will give me notice, in a few days I may be in a position to reply.

Mr. M. Asaf Ali : Will the Government of India represent to His Majesty's Government that these Indian troops must always receive overseas allowances on the same basis as the British troops receive here in India ?

Mr. C. M. G. Ogilvie : As far as I am aware, they do receive concessions when they go abroad.

Mr. M. Asaf Ali : Will the concessions be on the basis as the British troops who get benefits four times as much as the Indian troops ?

Mr. C. M. G. Ogilvie : No, Sir.

Mr. M. Asaf Ali : Why not ?

Mr. C. M. G. Ogilvie : Because, fortunately, they would not require so much to maintain them in the way they require to be maintained.

Mr. M. Asaf Ali : Will the Government of India tell the British Government that we do not want a single soldier of our country to be sent out of India on those conditions ?

Mr. C. M. G. Ogilvie : No.

Mr. Bhulabhai J. Desai : During the last 30 years, have the Indian troops been withheld, whenever they were wanted for campaigns abroad, either for the expeditionary forces, protective forces or for any other military purpose ?

Mr. C. M. G. Ogilvie : Indian troops have been sent, whenever the conditions of India have permitted them to be sent and they have rendered invaluable services.

Mr. Bhulabhai J. Desai : Has it ever happened that it had not been possible to make Indian troops available for such purposes ?

Mr. C. M. G. Ogilvie : I do not think in recent years it has.

Mr. Bhulabhai J. Desai : If it has not happened, is it not therefore clear that they are maintained for Imperial purposes ?

Mr. C. M. G. Ogilvie : No.

Mr. Bhulabhai J. Desai : How do you derive that ? I am mentioning it as a fact, not as an argument.

Mr. C. M. G. Ogilvie : Government have to keep in mind the possibility of certain emergencies eventuating which we all hope are not likely to happen but which are still possible and the minimum preparation must be made to safeguard against them.

Mr. Bhulabhai J. Desai : I want to know whether as a matter of fact these troops, which have been kept at extra efficiency, have ever been refused ?

Mr. C. M. G. Ogilvie : India has fortunately so far not herself been the scene of a major war.

Mr. Bhulabhai J. Desai : Is it not, therefore, true that, apart from the question whether such a possibility may arise, in fact, India maintains troops at an excessive efficiency and excessive numbers for Imperial purposes ?

Mr. C. M. G. Ogilvie : It is impossible to maintain troops of excessive efficiency. (Hear, hear.)

APPOINTMENT OF A EUROPEAN AS DIRECTOR OF PUBLIC INFORMATION.

150. ***Mr. S. Satyamurti :** Will the Honourable the Home Member be pleased to state :

(a) whether it is proposed to appoint a European as Director of Public Information ; if so, the reasons therefor ; and

(b) whether no Indian is available for this post ?

Mr. J. A. Thorne : I would refer the Honourable Member to the answer given by me on the 24th instant to part (n) of his starred question No. 66 and to the answer given by me this morning to question No. 144.

Mr. S. Satyamurti : What is the specific answer to clause (b), viz., "whether no Indian is available for this post ?"

Mr. President (The Honourable Sir Abdur Rahim) : I think he has explained the position.

REVISION OF GOVERNMENT'S POLICY IN THE NORTH-WEST FRONTIER.

151. ***Mr. S. Satyamurti :** Will the Foreign Secretary be pleased to state :

(a) whether his attention has been drawn to a leading article in the *London Times* of the 18th June, extracted in the *Madras Mail* of the 19th June, on the trouble in the North-West Frontier ;

(b) whether the Government of India noticed the criticism of the *London Times*, that the methods hitherto employed in such cases have proved ineffective, and if they are not improved, the Indian treasury is more than likely to be periodically depleted by recurrent rebellions and recurrent punitive expeditions, which cannot be undertaken without heavy expense ; and

(c) whether the Government of India propose to revise their policy in the North-West Frontier ; and if not, why not ?

Lieut.-Colonel A. E. B. Parsons : (a)—(b). Yes.

(c) Government after full consideration do not propose to make any radical change in the Frontier policy that has been followed during recent

years, as they are satisfied that it has produced solid results and no alternative is practical.

Mr. T. S. Avinaahilingam Chettiar : May I know what is the "solid result" ?

Mr. S. Satyamurti : With reference to the answer to clause (c), may I know if my Honourable friend, in his answer, had in mind the terms which, the newspapers report, Government have been offering to the tribesmen this morning ?

Lieut.-Colonel A. E. B. Parsons : The answer to clause (c) was drafted before the statement to the Press was made, but it also included it.

Mr. S. Satyamurti : I wanted to know whether the answer requires any modification.

Lieut.-Colonel A. E. B. Parsons : None at all.

Mr. S. Satyamurti : May I know if these terms contemplate or do not contemplate the occupation of these territories in a different manner altogether from that contemplated or practised by the Government so far ?

Lieut.-Colonel A. E. B. Parsons : No, Sir.

Mr. S. Satyamurti : May I know if Government, apart from the offer to settle disputes between them, also contemplate introducing some form of internal administration and expect them to respond to these new conditions ?

Lieut.-Colonel A. E. B. Parsons : All the forms of internal administration which the Government now propose are merely an extension of such measures as have taken place for the last forty years.

Mr. Bhulabhai J. Desai : Do not the new terms offered lend themselves to recurrent rebellions and recurrent punitive expeditions ?

Lieut.-Colonel A. E. B. Parsons : In the opinion of Government, certainly not. In the opinion of the Government, the new terms are likely to lead to a permanent improvement in the situation.

Mr. M. Asaf Ali : What is the extent of the area which the Government now propose to protect, under the new terms ?

Lieut.-Colonel A. E. B. Parsons : I am afraid if I was to give the names of places, they would convey nothing to the Honourable Member.

Mr. M. Asaf Ali : As a rough idea, how much of the total tribal area do the Government now propose to take under their protection, under the scheme ?

Lieut.-Colonel A. E. B. Parsons : I am afraid I have no figures.

Mr. M. Asaf Ali : Can the Honourable Member give us any idea of the number of tribes which will be taken under protection under the new scheme ?

Lieut.-Colonel A. E. B. Parsons : The whole of the tribal area of any given tribe will not be taken over.

Mr. M. Asaf Ali : How much of the area belonging to any particular tribe in the tribal area will now be taken under the protection of Government under the proposed scheme ?

Lieut.-Colonel A. E. B. Parsons : I am unable to give the exact answer, but I think in the case of the Manzar Khel it amounts to something like $\frac{351}{500}$ ths of the total area.

Mr. M. Asaf Ali : Out of about a quarter million weapons of modern precision which are in the possession of tribesmen today, only two thousand will be offered to you at all, if any ?

Lieut.-Colonel A. E. B. Parsons : The terms of the Government to the tribes as a punishment for their past offences include the demand of something over two thousand rifles of various descriptions. The number of rifles that the tribesmen have I myself, who have considerable experience, have never been able to estimate.

Mr. M. Asaf Ali : Is it not a fact that the Government themselves supplied these figures which I am now quoting, and is he not aware that we were told definitely that the tribesmen possessed no less than 250,000 weapons of modern precision ? And out of this, you are only demanding two thousand ? Does this mean peace or war ?

Lieut.-Colonel A. E. B. Parsons : I would point out to the Honourable Member that we are only dealing with Waziristan which is only part of the Frontier. I have no knowledge of the figures said to have been given but the number in Waziristan is much less than that.

Mr. M. Asaf Ali : What is the total number of tribes in the tribal area, and how many of these are today within the operation of the terms which you have offered ?

Lieut.-Colonel A. E. B. Parsons : The tribes to whom terms are being given are the Mahsuda, certain sections of the Utmanzai Wazirs, and the Bhitannis.

Mr. Abdul Qaiyum : May I take it that these three tribes are out of about 120 tribes in the tribal area ?

Lieut.-Colonel A. E. B. Parsons : Those three tribes constitute nearly all Waziristan, which is a very large part of the tribal area.

Mr. Abdul Qaiyum : Is it one of the terms that the Frontier Crime Regulations will be extended to the protected area ?

Lieut.-Colonel A. E. B. Parsons : I expect the Honourable Member is aware that the Frontier Crimes Regulation is in operation in all those areas already.

Mr. Abdul Qaiyum : I was referring to the area which is now going to be declared as a protected area.

Lieut.-Colonel A. E. B. Parsons : It is already in operation in those areas.

Mr. President (The Honourable Sir Abdur Rahim) : Next question.
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SECURITIES DEMANDED AND FORFEITED FROM NEWSPAPERS AND PRESSES.

152. *Mr. Badri Dutt Pande : (a) Will the Honourable the Home Member state how many papers and presses there are under the direct control of the Government of India from whom security has been taken ?

(b) Will the Honourable Member be pleased to give a statement of securities demanded and forfeited ?

Mr. J. A. Thorne : I presume the Honourable Member refers to papers and presses in Chief Commissioners provinces. The information is being collected and will be laid on the table when received.

TYPES OF AIR ACTION ON THE FRONTIER EMPLOYED DURING THE WAZIRISTAN EXPEDITION.

153. *Mr. Badri Dutt Pande : (a) Will the Defence Secretary inform the House as to what were the types of air action on the Frontier employed by the Military during the recent Waziristan expedition ?

(b) What was the total number of bombs dropped ?

(c) How many aeroplanes were engaged ?

(d) What was the total number of casualties among (i) people, (ii) live stock, (iii) houses ?

(e) Besides machine guns, were long range guns also employed ?

Mr. C. M. G. Ogilvie : (a) The information has been made public in Command Paper No. 5495, which was presented to Parliament by the Secretary of State in June, 1937. Copies of that paper will be supplied to the Library of the Central Legislature as soon as possible. The relevant extract reads as follows :

The types of air action are—(a) action against villages (which are in effect the forts and headquarters of the tribal forces) either to prevent their use by tribal forces or for a short defined period to cause damage to buildings as a penalty for specific outrages ; (b) the proscription of small defined areas ; in such cases all the inhabitants, their families and livestock are ordered to evacuate the area, the object being either to reinforce political pressure against offending sections or to make it possible to attack hostile forces in the area without risk to non-combatants ; in each case convenient and adjacent asylums outside the proscribed area are available for the non-combatants ; (c) the air blockade of the territory of a hostile section, the object being to exclude the offending tribesmen from their villages and from the use of their usual amenities and the interruption of their normal habits of life until they comply with specified terms. An air blockade applies to the whole territory of a section, and its use is similar to the proscription of an area compliance with which will secure the cessation of the blockade. Air blockade in this sense has not been used in the course of the present disturbances, though there has been some confusion in Press reports between it and the proscription of areas.

STARRED QUESTIONS AND ANSWERS.

(b) The total number of bombs dropped between 17th February, 1937, and the 23rd August, 1937, was 7,087 of which the majority were of the small 20 lb. type.

(c) The maximum number of squadrons employed during any period was five. The maximum number of aircraft engaged during any one day on various duties was 41.

(d) No figures are available for livestock or houses.

The casualties believed to have been caused to tribesmen in action against our troops from the 17th February, 1937, to 23rd August, 1937, are estimated at :

Killed	..	..	..	689
Severely wounded	..	..	..	559

(e) As is usual the troops have been supported by Field and Medium artillery.

Mr. Badri Dutt Pande : Were the people of these areas warned before bombing ?

Mr. C. M. G. Ogilvie : Yes.

Mr. Badri Dutt Pande : In what way were the people warned ?

Mr. C. M. G. Ogilvie : They were warned in a number of ways. They were warned by sending messages to them and by dropping posters or leaflets containing the desired information.

Mr. Badri Dutt Pande : In which language were the leaflets published ?

Mr. C. M. G. Ogilvie : In a language which they can understand.

Mr. Badri Dutt Pande : Can we have copies of these leaflets here ?

Mr. C. M. G. Ogilvie : I am afraid I have none.

Mr. Mohan Lal Saksena : May I ask how long before the actual bombing were these notices dropped in that area ?

Mr. C. M. G. Ogilvie : About two or three days.

Mr. K. Santhanam : May I know the cost of 7,087 bombs that were dropped ?

Mr. C. M. G. Ogilvie : I am afraid I must ask for notice.

Mr. S. Satyamurti : May I ask whether sufficient precautions were taken to see that non-combatants, especially women and children, are not hit by these bombs ?

Mr. C. M. G. Ogilvie : Yes, warnings are given and so far as we know none have actually been hit.

Mr. Lalchand Navalrai : How are these messages sent ? Through whom are these messages sent ?

Mr. C. M. G. Ogilvie : I presume by any one who may be willing to take them.

Mr. Lalchand Navalrai : I would like to know who are the people who take them in practice ? Do the Government send them or any private people take them ?

Mr. C. M. G. Ogilvie : They are generally sent through the Malikis of the village concerned. I can assure the Honourable Member that there is no doubt that warnings are received in practice.

Mr. Lalchand Navalrai : May I also know from the Honourable Member whether these notices, when they are dropped from the air, actually reach them ? They may go in an another direction altogether.

Mr. C. M. G. Ogilvie : One thing is certain. When a thing is dropped, it falls and they presumably do take them up.

Mr. Abdul Qaiyum : May I know if it is a fact that almost all these tribesmen are illiterate and do not understand your notices ?

Mr. C. M. G. Ogilvie : I should think that a great number of them were illiterate, but there are always some who, I imagine, can read and that presumption is strengthened by the fact that the notices given have, in fact, always been complied with.

Mr. Abdul Qaiyum : May I know if there are any grounds for believing that these notices are understood and whether there are any schools in Waziristan ?

Mr. C. M. G. Ogilvie : I have tried to explain that the main ground, as far as I know, for believing them to have understood the notices is that they are always promptly obeyed.

Mr. Abdul Qaiyum : I want to know whether there are any schools in Waziristan ?

Mr. C. M. G. Ogilvie : I daresay some of the *mullas* maintain schools, though I do not remember.

Mr. Abdul Qaiyum : I am inquiring about the schools. I want to know whether there are any proper schools in Waziristan ?

Mr. C. M. G. Ogilvie : I think the state of education in Waziristan does not arise from this question.

Mr. Abdul Qaiyum : It is a question of literacy, whether these people understand your notices. The question is absolutely relevant. I want to know whether there are any schools in Waziristan where people receive literary education ?

Mr. C. M. G. Ogilvie : I imagine there are schools which are maintained by the *mullas* and that the *mullas* and probably the Malikis as well are able to read.

Mr. Badri Dutt Pande : Will you kindly place a copy of the notice that was given to the tribesmen on the table of the House ?

Mr. C. M. G. Ogilvie : I will try and obtain one for you.

Seth Govind Das : The Honourable Member has just said that two or three days notice is given to the tribes for vacating the area. Does the Honourable Member think that that is enough time for women and children to go away from that area ?

Mr. C. M. G. Ogilvie : Yes.

Qazi Muhammad Ahmad Kazmi : Will the Honourable Member let us know what are the places to which these people are expected to go to avoid bombing ?

Mr. C. M. G. Ogilvie : They go to some other villages where they will not be bombed.

Mr. Mohan Lal Saksena : Last year or year before last this Assembly passed a Resolution condemning the policy of bombing in the Frontier Province. May I know if the Government have made any change in the method of bombing because of that motion ?

Mr. C. M. G. Ogilvie : I cannot tell you that. I have described the present methods at some length and you can see for yourself that humanity is a predominant motive.

INDIANS EMPLOYED AS GARRISON ENGINEERS.

154. ***Mr. Sham Lal :** Will the Defence Secretary be pleased to state what is the number of Indians employed as Garrison Engineers ? If no Indians are Garrison Engineers, why not ? Is it not a fact that English Degree holders and Roorkee qualified Engineers are available ? Are there any civilian English Engineers ?

Mr. C. M. G. Ogilvie : At present 22 Indians, including those possessing English or Roorkee qualifications, are employed in the Military Engineer Services as Garrison and Assistant Garrison Engineers.

There are 17 English Civilian Engineers similarly employed at present.

GIVING OF HONORARY MILITARY RANKS TO CIVILIANS IN THE MILITARY ENGINEERING SERVICE.

155. ***Mr. Sham Lal :** (a) Will the Defence Secretary be pleased to state how many Garrison Engineers are such as are not Royal Engineers but have been raised from Military Sub-Divisional Officers ?

(b) When qualified Indians are appointed Royal Engineers with sappers and miners, why are they not appointed with the Military Engineering Service ?

(c) Are Government prepared to consider the question of giving honorary military ranks to civilians in the Military Engineering Service as is done in the Indian Medical Service ?

Mr. C. M. G. Ogilvie : (a) Twenty-one.

(b) Indians cannot be appointed to the Royal Engineers as that is a Corps of the British Army. Indians are appointed to the Corps of Indian Engineers and eight Indians are at present employed with the Corps of Sappers and Miners and, after they have completed their training and a tour of duty with Sappers and Miners, they will be available for appointment to the Military Engineer Services.

(c) No. The I. M. S. is a Military Service and there is no analogy between it and the civilian element of the M. E. S.

NON-EMPLOYMENT OF INDIANS AS SUB-DIVISIONAL OFFICERS IN THE ARMY.

156. *Mr. Sham Lal : Will the Defence Secretary be pleased to state :

- (a) what is the number of Indians employed as
 - (i) Sub-Divisional Officers, Buildings and Roads,
 - (ii) Sub-Divisional Officers, Electrical and Mechanical, and
 - (iii) Sub-Divisional Officers, Furniture and Stores ;
- (b) why more Indians are not employed in this cadre when English qualified Indians are available ; and
- (c) what is the scale of pay for Civilian and Military Sub-Divisional Officers in the above ?

Mr. C. M. G. Ogilvie : (a) i). Fifty-nine.

(ii) Eight.

(iii) Twenty-five.

(b) The reduction of the military cadre is under consideration, but a certain minimum of that cadre must be retained in the event of mobilisation.

(c) The scale of pay for Civilian and Military Sub-Divisional Officers is as follows :

Civilian S. D. Os.	Rs. 150—10—300
	Efficiency Bar— $\frac{1}{2}$
	Rs. 400 per mensem.
Military S. D. Os. Sergeant ..	Rs. 210 per mensem.
Military S. D. Os. Staff Sergeant ..	Rs. 250 per mensem.
Military S. D. Os. Sub-Conductor ..	Rs. 335 per mensem.
Military S. D. Os. Conductor ..	Rs. 370 per mensem.

Mr. M. Asaf Ali : With reference to part (b), did the Honourable Member say that the reduction of the cadre was under consideration ?

12 Noon. Mr. C. M. G. Ogilvie : Yes.

Mr. M. Asaf Ali : Will this reduction mean reduction in the cadre of Indians ?

Mr. C. M. G. Ogilvie : Reduction of Englishmen.

(b) WRITTEN ANSWERS.

RECRUITMENT OF OVERSEERS AS SUB-DIVISIONAL OFFICERS IN THE ARMY.

157. *Mr. Sham Lal : Will the Defence Secretary be pleased to state :

- (a) how many Indians with English and Roorkee qualifications are working as Overseers, temporary and permanent, and

at what pay ; why they are not made Sub-Divisional Officers in place of Military Sub-Divisional Officers ;

- (b) whether Government propose to stop recruiting further Military Sub-Divisional Officers ?

Mr. C. M. G. Ogilvie : (a) The collection of the information desired will involve an expenditure of time and labour which would be incommensurate with the value of the results achieved.

(b) I would refer the Honourable Member to the reply I have just given to part (b) of his question No. 156.

APPOINTMENT OF EXECUTIVE OFFICERS IN THE CANTONMENT BOARDS.

158. *Bhai Parma Nand : (a) Will the Defence Secretary be pleased to state the number and qualifications of officers taken in the service of Executive Officers in grades I and II respectively in the recent re-organization of the service in the Cantonment Boards ?

(b) How many of these officers are Hindus, Muslims, Sikhs, Anglo-Indians and Europeans respectively ?

(c) Will the Defence Secretary please state if in the appointment of these officers the principle laid down in Home Department Resolution No. F. 14/17B/33-Ests., dated the 4th July, 1934, has been kept in view in respect of officers belonging to various communities in the two grades separately, which form an all-India Service ?

(d) Will the Defence Secretary please state if any officers have been newly recruited as Executive Officers since 31st October, 1936, the date of the passing of the Cantonments (Amendment) Act ?

(e) If the reply to part (d) above be in the affirmative, will the Defence Secretary please state if it is not a fact that some of these appointments have resulted in a number of Civilian Officers already in service as Executive Officers, being superseded or their claims on the score of seniority and qualifications being ignored ?

(f) Will the Defence Secretary please state the reasons why the recruitment has not been made through the Public Service Commission as promised on the floor of the House by the then Defence Secretary ?

(g) Will the Defence Secretary please state the principles adopted in the appointment of Executive Officers already in service in the two grades and the fixing of their salaries ?

(h) Is it a fact that Compensatory (Conveyance) Allowances of Rs. 50 and Rs. 30 per mensem have been fixed for officers in grades I and II respectively, irrespective of the nature of the conveyance maintained by the officer concerned ?

(i) Do Government propose to consider the advisability of fixing the Conveyance Allowance according to the nature of the conveyance maintained rather than according to the position of the officer ?

Mr. C. M. G. Ogilvie : (a) Twenty-seven officers have been taken in Grade I and 25 in Grade II. As regards their qualifications, 16 of Grade I officers are Viceroy's commissioned or Indian Territorial Force Officers of the Cantonments Department, and with regard to the remaining

officers the attention of the Honourable Member is invited to the statement laid on the table on the 12th December, 1933, in reply to starred question No. 343 asked by Mr. B. E. Puri on the 1st September, 1933. I lay on the table a statement showing the qualifications of Executive Officers who were appointed in vacancies which occurred since 1933.

(b) The numbers are 20, 16, 11, and 4 respectively.

(c) The existing officers of the Cantonment Executive Officers Service are either late Class II (Viceroy's commissioned or Indian Territorial Force) officers of the Cantonments Department, or Civilian Executive Officers who were appointed by the local military authorities prior to the constitution of the new Service. Any future recruitment to the Service will be made in accordance with the Home Department Resolution referred to by the Honourable Member.

(d) Yes, Sir.

(e) Not at present. The new entrants were placed at the bottom of their respective lists.

(f) The rules constituting the new Service of Executive Officers and providing for their recruitment through the Federal Public Service Commission were not published till the 8th May, 1937. Recruitment from that date will be made through the Commission.

(g) The appointments were made under rules 28 and 30 of the Cantonment Executive Officers Service Rules, 1937, published in the Gazette of India, dated the 8th May, 1937. In accordance with rule 30 all Class II officers of the Cantonments Department became Grade I officers. Civilian Executive Officers were graded in accordance with the recommendations of a Selection Committee appointed for the purpose, which considered each case on its merits. The pay of each officer was fixed at a rate not lower than that he was already drawing. The two exceptions were officers who were appointed after 1st January, 1936, and who had no previous service in the Cantonments Department. In view of their very short service they were granted the minimum pay of the grade.

(h) The grant of the conveyance allowance is fixed with reference to the class of the cantonment and not the grade of the Executive Officer or the class of conveyance maintained, *vide* rule 27 of the Cantonment Executive Officers Service Rules, 1937.

(i) Government do not propose to fix the allowance according to the nature of the conveyance maintained.

Statement.

Names and qualifications of Executive Officers appointed in vacancies which occurred since 1933.

Name.	Qualifications.
Mr. C. Pearce	Served in Belgaum Cantonment as Cantonment Superintendent and Executive Officer for about 15 years.
Mr. I. C. Gray	Served in Mhow Cantonment as Cantonment Engineer and Assistant Secretary for several years.

Name.	Qualifications.
Mr. Rawail Singh	Was Head clerk of Amritsar Cantonment for many years.
Mr. Narettam Singh	B.A., LL.B.
Mr. M. G. Kaber	B.A.
Mr. Panna Lal Kumar	B.A., LL.B.
Mr. Karamatullah	B.A., LL.B.
Mr. Avtar Singh Puri	B.A., LL.B.
Mr. Bhagwant Singh Kohli	B.A., LL.B.
Mr. Satya Dev Dogra	B.A.
Mr. Ram Dev Handa	B.A., LL.B.
Mr. R. Som Dutt	M.A. (Cantab.).
Mr. Gajendra Singh	M.A.
Mr. Masud Ali Khan	M.A.
Mr. S. K. Rizvi	M.A., LL.B.

INDIAN AND EUROPEAN OFFICERS IN THE GOVERNMENT OF INDIA DEPARTMENTS.

159. *Mr. K. Santhanam : Will the Honourable the Home Member be pleased to state :

- how many changes have taken place between 1st April, 1936, and 1st August, 1937, in the Secretariat Departments of the Government of India and the offices attached thereto among officers above the rank of Assistant Secretary or the Chief Superintendent ;
- whether he would place a list of such changes on the table ;
- in how many cases have European officers taken the place of Indian officers ;
- in how many cases have Indian officers taken the place of European officers ;
- new posts, if any, that have been created and the names of officers appointed to those posts ; and
- the relative proportion of Indian and European officers on 1st April, 1936, and 1st August, 1937 ?

Mr. R. F. Mudie : The information is being collected and will be laid on the table in due course.

GRANT OF PERMISSION TO MR. MAHADO ABAJI NADEDKAR AND OTHER INDIAN EXILES TO RETURN TO INDIA.

160. *Mr. Mohan Lal Saksena : (a) Will the Honourable the Home Member inform the Assembly whether Mr. Mahado Abaji Nadedkar, P.I.G. (Comell), United States of America, who left India in 1908, is not permitted to return to India ? If so, for what reasons ?

(b) In view of the changed conditions, does the Honourable Member propose to consider the feasibility of permitting him to return to India ?

(e) Will the Honourable the Home Member be pleased to state how many exiles were permitted to return to India during the last two years and whether their return had any repercussions on the political situation in India ?

(d) Are Government prepared to consider the feasibility of granting permission to all Indian exiles to return on similar terms ?

Mr. J. A. Thorne : (a) and (b). The Government of India have never had any occasion to consider whether Mr. Nadedkar should be permitted to return to India or not. They understand that he has assumed Mexican nationality.

(c) One. The answer to the second part of the question is no.

(d) I would refer the Honourable Member to the reply given by me earlier this week to Sardar Mangal Singh's starred question No. 67.

REFUSAL TO GRANT PASSPORTS TO SRIMATI KAMLA DEBI AND OTHER PERSONS.

161. ***Mr. Mohan Lal Saksena :** (a) Will the Honourable the Home Member lay on the table a statement giving the names and addresses of persons to whom passports were refused during the last twelve months, with the reasons for the refusal ?

(b) Under the new constitution which authority is responsible for the issue of passports ?

(c) Have there been any modifications in the rules since 1st April, 1937 ?

(d) Is it a fact that passport was refused to Srimati Kamla Debi, a Congress socialist leader ? If so, will the Honourable the Home Member state the reasons for which it was refused ?

(e) Are Government prepared to consider the advisability of cancelling the order and granting Srimati Kamla Debi a fresh permission ?

Mr. J. A. Thorne : (a) I invite the Honourable Member's attention to the statement laid on the table of the House on the 23rd of this month in reply to his question No. 745. That statement gives the number of passports refused during 1936 as 224. The number of cases reported to us in which passports have been refused during the seven months ending the 31st July last is 26. It would not be in the public interest to furnish the names of the persons to whom passports have been refused and the reasons for refusal : but the great majority of refusals have been made because the applicants were not in a position to support themselves abroad.

(b) The grant of a passport is a prerogative of His Majesty the King who has delegated this power to His Excellency the Governor General in so far as India is concerned.

(c) No.

(d) The reason for refusing this lady a passport was given by Sir Henry Craik on the 9th February last in reply to Professor Ranga's question No. 385.

(e) No question of refusal can arise unless the lady makes another application. The question is thus hypothetical.

CONFISCATION OF THE PHOTO ENLARGEMENT OF JATINDRA NATH DAS.

162. ***Mr. Mohan Lal Saksena :** (a) With reference to the answer to question No. 424 on the 19th February, 1937, will the Honourable the Home Member be pleased to state when the photo enlargement of Jatindra Nath Das was confiscated ?

(b) Was any notification issued to that effect and for what reasons ?

(c) Is it not a fact that Jatindra Nath Das was never convicted for any revolutionary offence ?

(d) Was the publication of Jatindra Nath Das' photograph ever declared unlawful ? If so, when and under what law ? Was the declaration made before or after the seizure of the photograph from the Mahabir Jain Library, Delhi, on the 11th August, 1936 ?

(e) What have Government done with the photo enlargement ? Has it been destroyed ? If not, are Government prepared to return it to the Library ?

Mr. J. A. Thorne : (a) In August, 1936.

(b), (d) and (e). The photograph was confiscated by orders of the Additional District Magistrate, Delhi, under the provisions of section 16 of the Indian Press (Emergency Powers) Act, 1931. That section provides that a magistrate may order the destruction of documents which have been confiscated. I do not know whether this has been done in this instance but in any case Government are not prepared to revise the Magistrate's orders under the Act.

(c) He was under trial in the Lahore Conspiracy case when he committed suicide.

DISTRIBUTION OF CORONATION MEDALS IN INDIA.

163. ***Mr. C. N. Muthuranga Mudaliar :** Will the Honourable the Home Member please state :

(a) whether it is a fact that the Government of India were responsible for the arrangements made this year in India for the distribution of Coronation medals ;

(b) the number of medals which it was originally intended should be distributed by the Government of India as well as by the various Provinces and Administrations ;

(c) the number of medals actually distributed ;

(d) whether the distribution is now complete ;

(e) the categories of persons to whom the medals were distributed ;

(f) whether all Provincial Governments were consulted in regard to the distribution of medals ; and

(g) whether it was arranged that each province or area should distribute a certain number of medals, and if so, whether the quota was completed by all the provinces ?

Mr. R. F. Mudie : (a) No. The Viceroy was responsible for the distribution of the Coronation Medal.

(b) 26,500 Medals.

(c) and (d). Information is not available at present.

(e) The Medal was awarded to officials distinguished by their responsible position and good work and to non-officials who had distinguished themselves as eminent citizens and public workers.

(f) and (g). Separate allotments of the Medal were made to each Provincial Government and Administration. No information is available whether they have fully distributed their quota.

PRISONERS IN THE CHARGE OF GOVERNMENT OF INDIA.

164. *Mr. C. N. Muthuranga Mudaliar : (a) Will the Honourable the Home Member please state who are the prisoners for whom the Government of India are now responsible, that is after the 1st April, 1937, and what is the authority under which they are in charge of these prisoners ?

(b) Is it proposed to release them or hand them back to the provinces to which they belong ? If not, why not ?

(c) Have any Provincial Governments requested the return to them of such prisoners ; and if so, with what result ?

Mr. J. A. Thorne : (a) Unless and until prisoners, who immediately before the 1st April, 1937, were confined in a prison in a Chief Commissioner's Province, are removed to a prison in a Governor's Province by an order of the Central Government made with the consent of the Government of the Governor's Province concerned under section 29 of the Prisoners Act, 1900, as adapted by the Government of India (Adaptation of Indian Laws) Order, 1937, the Government of India remain responsible for such prisoners. The authority for the continued detention of such prisoners in such prison is contained in section 15 of the Prisoners Act, 1900, and the authority of the Central Government arises from the fact that their authority extends to all subject matters in a Chief Commissioner's Province.

(b) The Government of India have no power to order the premature release of prisoners who were not sentenced by courts in the Centrally Administered Areas but who are serving their sentences in jails in those areas.

(c) Requests have been received from some Provincial Governments for the return of their prisoners confined in the Andamans, and the reasons for not acceding to their requests at the present juncture are stated in the Home Department Communiqué, dated the 11th August.

ADMINISTRATION OF JAIL RULES, ETC.

165. *Mr. C. N. Muthuranga Mudaliar : Will the Honourable the Home Member please state whether Government are aware that the various Provincial Governments have under consideration the question of liberalising the administration of jail rules and the conditions of existence of the jail population of different categories ? If so, will they consider the desirability of falling into line with those Provincial Governments ? If not, why not ?

Mr. R. F. Mudie : Government have seen certain reports which have appeared in the press about jail reform but they are not aware of the detailed proposals of those Provincial Governments which contemplate action in this direction. It is, therefore, premature to speak of falling into line with the Provincial Governments.

REPORTS OF THE WHEELER AND MAXWELL COMMITTEES ON THE REORGANISATION OF THE SECRETARIAT.

166. *Mr. C. N. Muthuranga Mudaliar : (a) Is the Honourable the Home Member prepared to consider the desirability of publishing for general information the reports of the Wheeler and Maxwell Committees on the reorganisation of the Secretariat and other allied problems ? If not, why not ?

(b) Has any action been taken on the reports mentioned above ? If so, will Government please lay a statement on the table of the House ? If not, are they prepared to consider the desirability of consulting the Assembly before taking any action ?

Mr. R. F. Mudie : (a) The Wheeler Committee Report will be published as soon as it is found practicable to do so but the Report known as the Maxwell Report will not be published as it is really only a confidential note prepared by certain Secretariat Officers on points arising out of the Wheeler Committee Report.

(b) The recommendations of the Wheeler Committee are still under consideration.

HUNGER-STRIKE BY TERRORIST PRISONERS IN THE ANDAMANS.

167. *Seth Govind Das : Will the Honourable the Home Member be pleased to state :

(a) whether it is a fact that nearly 200 terrorist prisoners in Andamans have been on hunger-strike since the 24th of July last ;

(b) whether it is a fact that some doctors and surgeons have been sent from India to attend on them ;

(c) whether Government received a representation from those prisoners requesting for release ;

(d) what the Government communiqué has been on the petition ;

(e) whether Government directed them to approach their respective Provincial Governments for redress ; and

(f) whether Government did anything further in the matter, and if so, what action they took ?

Mr. J. A. Thorne : (a) to (f). The Honourable Member's questions are covered by the answers I gave to the short notice questions on the 23rd instant and by the Home Department Communiqués, dated the 30th July and 11th August.

ANTI-INDIAN FILMS.

168. *Seth Govind Das : Will the Honourable the Home Member be pleased to state :

(a) whether they are aware that Sir Phiroze Shah Sethna, President of the Motion Picture Society, India, has

addressed a communication of protest, to the Secretary of State of the Government of America, deploring the systematic and invidious propaganda recently carried on by Hollywood producers in producing pictures either wholly anti-Indian or partly so, with particular reference to "Bengali" and "India speaks";

- (b) whether Government have taken any steps in the matter on their own;
- (c) if not, whether they propose doing anything in the matter;
- (d) if so, what they propose doing and, if not, what their reasons are for not doing anything; and
- (e) whether they propose to adopt a serious attitude towards such propaganda by appealing to the various Governments within the Empire to ban such films; if not, why not?

Mr. J. A. Thorne : (a) I have seen the press report on the subject.

(b)–(e). I would refer the Honourable Member to the reply given by Sir Henry Craik to Dr. Banerjee's question No. 377 on the 16th September, 1935, and to the statement which was laid on the table of the House on the 31st August last in reply to Mr. Ananthasayanam Ayyangar's question No. 1650.

UNSTARRED QUESTIONS AND ANSWERS.

SAFEGUARDING OF THE RIGHTS OF MUHAMMAD ALI AND COMPANY IN ABYSSINIA.

26. Dr. Ziauddin Ahmad : (a) Will the Foreign Secretary be pleased to state if it is a fact that Muhammad Ali and Company doing business in Abyssinia are not allowed by the Italian Government to despatch the proceeds of liquidation of the stock and properties to any Bank convenient to the Company?

(b) Will Government be pleased to state all the facts of the case, and specially the action taken by them to safeguard the rights of the Indian firm?

Lieut.-Colonel A. E. B. Parsons : (a) His Majesty's Government have obtained an undertaking from the Italian Government to give all possible facilities to the Company for exporting the proceeds of the liquidation from Abyssinia.

(b) A brief history of the case is laid on the table. The Government of India have been in constant communication with His Majesty's Government regarding the case.

Expulsion of the firm of Messrs. Muhammad Ali and Company from Abyssinia.

A brief statement of the case.

The firm of Messrs. Muhammad Ali and Company, who have long been established in Abyssinia, received an order on the 6th March, 1937, from the Italian Governor-General to close their premises and cease from all forms of commercial activity. His Majesty's Representative at Addis Ababa immediately reported the facts to His Majesty's Government and also asked the Italian authorities for more time to be given before the orders were carried out. His Majesty's Government at once instructed their Ambassador at Rome to make representations to the Italian Government. Meanwhile the firm decided to liquidate and to enter into negotiations with an Italian firm.

As a result of the representations made by His Majesty's Ambassador, the Italian Government undertook to allow the firm complete liberty of action in carrying out liquidation. They also agreed to grant a reasonable period for the liquidation to be carried out, and so far have fixed no time limit either for this or for the withdrawal from Abyssinia of those employees of the firm who would be charged with carrying out the liquidation. They also undertook to give all possible facilities to the firm for exporting the proceeds of the liquidation from Abyssinia. The latest reports received show that negotiations between the firm and Italian interests for the disposal of property have reached an advanced stage. His Majesty's Government have given every assistance to the firm and will continue to do so as need arises, and His Majesty's Consulate-General at Addis Ababa have been in daily touch with the firm's representatives.

MUSAFIRKHANA KNOWN AS ZAWIYA IN DAMASCUS.

27. Dr. Ziauddin Ahmad : (a) Will the Foreign Secretary be pleased to state whether it is a fact that the Musafirkhana known as Zawiya was founded by a Sindhi Muslim for the benefit of Sindhi Muslims in Damascus (Harat Nakkasha)?

(b) Is it a fact that the Zawiya is not in good condition and the British Consul demanded £150 for its repairs?

(c) Did the Government of India pay the amount or issue an appeal for this money from wealthy Mussalmans?

(d) In whose possession is the Zawiya at present?

(e) Did Government press that the Zawiya be handed over to the Sindhi Anjuman irrespective of the number of members?

(f) How is the Zawiya being used at present and who collects the rent?

(g) Is it a fact that Mr. Yusuf in the British Consulate sold some of the shops belonging to the Zawiya and in what way was the sale money utilised?

Lieut.-Colonel A. E. B. Parsons : (a), (d) and (f). The Honourable Member's attention is invited to the answer given by Sir Aubrey Metcalfe on the 16th February last to part (b) of Mr. M. Asaf Ali's starred question No. 399.

(b) and (e). In 1934 the British Consul, Damascus, reported that the Zawiya was not in good condition and asked for a grant of £150 for repairs on behalf of the Syrian Awkaf Administration. This request was brought to the notice of certain leading Mussalmans in Sind, who, however, did not respond. No grant was made by Government.

(c) No.

(g) The statement has no foundation.

GAZETTED OFFICERS GRANTED EXTENSIONS.

28. Dr. Ziauddin Ahmad : (a) Will the Honourable the Home Member be pleased to place on the table of the House a list of the Gazetted Officers to whom extension in service has been given during the last two years, i.e., since April 1935?

(b) Will Government be pleased to define the meaning of the words "on public grounds"?

(c) Did Government satisfy themselves in each case that the interests of the officers just below those to whom extension was given would not substantially suffer?

Mr. J. A. Thorne : (a) I would refer the Honourable Member to the reply given on the 30th March, 1937, to Mr. Mohan Lal Saksena's starred question No. 741. There were only six gazetted officers to whom extensions of service were given in the calendar year 1936 after their having reached the age of 55. The number for the full period mentioned by the Honourable Member will be ascertained.

(b) and (c). The words "on public grounds" refer to the interests of good administration as opposed to the personal interests, either of the incumbent of a post or of persons who may hope to succeed him. The qualifications of possible successors are of course taken into consideration in making a decision.

RESTRICTION ON KAZI ABDUL WALI KHAN OF PESHAWAR AGAINST HIS RETURN TO INDIA.

29. Mr. Abdul Qaiyum : (a) Will the Foreign Secretary please state whether it is a fact that Kazi Abdul Wali Khan of Peshawar left India for Afghanistan and thus avoided his arrest during the Rowlett Act agitation and that he has been living in different parts of Europe ever since ?

(b) Is there any restriction on his return to India ?

Mr. J. A. Thorne : (a) He left India of his own accord in 1919. Government have no information regarding his whereabouts.

(b) None, so far as I am aware.

CLASSIFICATION OF THE PESHAWAR CANTONMENT.

30. Mr. Abdul Qaiyum : (a) Will the Defence Secretary please state if it is a fact that the Peshawar Cantonment should have been a class I Cantonment in view of its population ?

(b) If the answer to part (a) be in the affirmative is it a fact that the Governor General in Council has placed it in class II ? If so, what are the reasons which led to such a decision being taken ?

Mr. C. M. G. Ogilvie : (a) The answer is in the affirmative.

(b) Yes. This was done under the proviso to section 13 (1) of the Cantonments Act, 1924, the reason being that owing to frequent movements of military personnel on active military duties it is not always possible to supply the full number of military members required for a class I Cantonment.

RE-NOMINATION OF THE SAME MUSLIM MEMBER TO THE PESHAWAR CANTONMENT BOARD.

31. Mr. Abdul Qaiyum : (a) Will the Defence Secretary please state whether it is a fact that the solitary Muslim member of the Peshawar Cantonment Board has been repeatedly nominated since 1924, and is it also a fact that prior to this the said Muslim member acted as a nominated member of the Peshawar Cantonment Committee from 1913-1918 and 1923-1924 ?

(b) Is it a fact the Peshawar Cantonment Muslim Association—a registered and representative body of Muslims—has been constantly protesting against the continuous and repeated re-nomination of the said Muslim member, and is it a fact that all their representations have been persistently ignored ?

(c) Is it a fact that sub-section 6 of section 13 of the Cantonment Amendment Act, 1936 (Act No. XXIV of 1936) empowers the Officer Commanding the Station, with the sanction of Officer Commanding-in-Chief the Command, to nominate a non-official resident of the Cantonment as a member of the Board in place of any military officer ?

(d) If the answer to part (c) be in the affirmative, are Government prepared to instruct the Officer Commanding the Station not to re-nominate the said Muslim member in view of the repeated protests from the Muslim public, but to nominate some other gentleman instead ?

Mr. C. M. G. Ogilvie : I am collecting the information and will lay it on the table in due course.

STATEMENTS LAID ON THE TABLE.

Information promised in reply to starred question No. 436 asked by Mr. Amarendra Nath Chattopadhyaya on the 23rd February, 1937.

STAFF RETRENCHED ON STATE RAILWAYS.

A statement giving the required information is laid on the table of the House.

Statement relating to the State-managed Railways

showing :—

- (i) The number of staff retrenched during April, 1936—December, 1936 ;
- (ii) The number of Anglo-Indians and Europeans appointed during this period ;
- (iii) The amount of saving resulting from retrenchment referred to in (i) ; and
- (iv) The expenditure involved in the appointments referred to in (ii).

Name of Railways.	(A) No. of Staff re- trenched during April 1936 to December 1936.			(B) No. of Anglo- Indians and Europeans appointed during April 1936 to December 1936.		(C) Amount of saving resulting from retrench- ment referred to in column (A).			Expenditure involved in the appoint- ments re- ferred to in column (B).		
	Labourers & inferior servants.	Subordinates.	Gazetted officers.	Anglo-Indians.	Europeans.						
Eastern Bengal Railway ..	116	7	Nil	29	6	Rs.	a.	p.	Rs.	a.	p.
						36,999	0	0	21,945	0	0
Great Indian Peninsula Railway ..	799	103	Nil	18	1	1,95,382	11	0	13,583	13	0
East Indian Railway ..	380	6	Nil	68	8	37,496	0	0	17,382	0	0
North Western Railway ..	578	13	Nil	41	2	65,105	0	0	6,393	0	0

NOTE.—Appointments mentioned in column (B) were made to fill vacancies caused by normal wastage.

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[27TH AUG. 1937.]

Information promised in reply to part (c) (ii) of unstarred question No. 43 asked by Seth Haji Sir Abdoola Haroon on the 6th March, 1937.

PROPOSED SALE OF CERTAIN AREAS IN THE KARACHI CANTONMENT.

The following is the list of plot holders in the various blocks marked out for disposal.

Statement showing Sites occupied by Houses in Blocks B, C and F.

General land Register Survey No.	Class.	Area.	Tenure.	Holders of occupancy rights.	Remarks.
<i>Block B.</i>					
40-A	B. 3	1,600 sq. ft.	Old grant ..	Bawa Pancham Dass.	..
44	B. 3	900 sq. ft.	Old grant ..	Hindu Community.	Temple.
46	B. 3	26 acre	Old grant ..	Kalka Prasad ..	Temple.
49	B. 3	2,280 sq. ft.	Old grant ..	Muslim Community.	Mosque.
<i>Block C.</i>					
137	B. 3	25 acre	Old grant ..	'K. S. Haji Ghulam Mahomed Hussein' for Muslim Community.	Mosque.
<i>Block F.</i>					
<i>Nil.</i>					

Information promised in reply to starred question No. 594 asked by Mr. C. N. Muthuranga Mudaliar on the 9th March, 1937.

LOANS ADVANCED TO STATES AND OTHERS.

(a) and (b). A statement is laid on the table. All the outstanding loans to Indian States are being repaid in accordance with the prescribed programme.

Statement showing all loans granted to Indian States which are still outstanding.

Name of State.	Amount of loans.	Purpose.	Terms.	
			Rate of interest	Annual instalment.
1. Phalton ..	Rs. 3,00,000	1928. Rehabilitation of State finances.	6%	Rs. 30,000 plus interest.
2. Tripura ..	9,00,000	1933. Rehabilitation of State finances.	6%	92,666
3. Alwar ..	25,00,000	Rehabilitation of State finances.	4½%	2,44,000
4. Tonk ..	1,50,000	1934. Construction of a bridge on an important road passing through the State.	4½%	15,000
5. Bahawalpur.	32,03,200	Payment of debts in the Account Current.	4½%	3,03,414-12-9
6. Bahawalpur.	12,41,95,900	1935. State's share of expenditure on the Sutlej Valley Project.	..	Principal and interest are to be repaid in 50 years by instalments rising from 15 lakhs in 1935-36 to 55 lakhs in 1944-45 and subsequent years. 3,52,000 (approximately). 10,000
7. Dhran-gadhra.	55,00,000	Rehabilitation of State finances.	4%	Free of interest.
8. Dir ..	2,00,000	Assistance in administration of State whose stability is an important element in north-west frontier policy.	..	
9. Chitral ..	1,00,000	1936	..	

Statement showing the loans granted to Indian States since 1930 which have been repaid in full.

Name of State.	Amount of loan.	Purpose.	Rate of interest.
1. Manipur ..	Rs. 99,000	1930. Flood relief ..	6%
2. Khairpur ..	5,00,000	1931. Rehabilitation of State finances ..	6½%
3. Patiala ..	25,00,000	1932. Payment of debts in the Account Current.	6½%
4. Bharatpur ..	58,00,000	Rehabilitation of State finances ..	6%
5. Nawanagar ..	25,00,000	1933. Public Works ..	4½%
6. Orcha ..	5,48,400	1934. Substitution of British Indian coinage for State coinage.	4½%

[27TH AUG. 1937.]

Information promised in reply to starred questions Nos. 809 and 810 asked by

POSTS OF GAZETTED OFFICERS CREATED IN

Statement showing the numbers and designation of new posts of Gazetted Status above the rank of Sup Question No. 809.

Department or office.	Posts created in 1934.				Posts created		
	No.	Designation.	Pay.	Name of officer appointed.	No.	Designation.	Pay.
Home Department Secretariat.	1	Officer on Special Duty. (From 15th November 1933 to 28th February 1934.)	Ra. 900 Special Pay 200 O. P. 250.	Mr. R. K. Nehru, I.C.S.	1	Officer on Special Duty. (From 10th January 1935 to 28th March 1935).	Ra. 800 Special Pay Ra. 200. S.O. P. £25.
	1	Additional Deputy Secretary. (From 31st October 1934 to 31st December 1934.)	Ra. 1,275 Special Pay 400. S. O. P. £25.	Mr. G. W. McElhinny, I.C.S.	1	Additional Joint Secretary. (November to December).	Ra. 3,000 S. O. P. £13-6-8.
Home Department—Attached Offices. Office of the Intelligence Bureau.					1	Officer on Special Duty (From 20th April 1935 to 1st November 1935).	Ra. 1,300 ..
					1	Additional Deputy Secretary (From 1st January 1935 to 31st December 1935.)	Pay up to 31st October 1935 Ra. 1,350. Special Pay Ra. 400. S. O. P. £25. Pay from 1st November 1935 Ra. 1,425. Special Pay Ra. 400. S. O. P. £30.
	4	Assistant Director of Intelligence, Peshawar.	Pay of G. S. O. II or III and Special Pay Rs. 100 in the case of Military officers. Pay of rank and S. P. Ra. 150 in the case of I. P. officers as subsequently revised.)	Major J. Bruce Scott. Captain R. N. Bacon. Captain E. K. Wood. Captain J. B. P. Seccombe.	6	Central Intelligence Officers.	Senior Scale I. P. plus Special Pay Ra. 200 and benefits of rank below (S. P. will be merged in pay proper when officer draws D. I. G.'s pay).
	1	Deputy Superintendent of Police, Peshawar.	Ra. 300—25—700 plus Special Pay Ra. 100.	Mr. J. F. L. Cole.	9	Deputy Central Intelligence Officers.	Ra. 300—25—700 Special Pay Ra. 100.
	1	Officer on Special Duty.	Ra. 1,750 Special Pay Ra. 100. O. P. £13-6-8.	Mr. N. P. A. Smith.			

Mr. C. N. Muthuranga Mudaliar on the 31st March, 1937.

THE GOVERNMENT OF INDIA OFFICES.

Officials created in 1934, 1935 and 1936 in certain Departments and Offices attached thereto.

Name of officer appointed.	Posts created in 1936.				Remarks.
	No.	Designation.	Pay.	Name of officer appointed.	
Mr. A. P. Hume, I.C.S.	1	Additional Joint Secretary. (January to 2nd April 1936.)	Ra. 3,000 S. O. P. £13-6-8.	Mr. J. A. Thorne, I.C.S.	
Mr. J. A. Thorne, I. C.S.	1	Officer on Special Duty. (22nd October 1936 to 31st December 1936.)	Ra. 1,400 ..	Mr. A. H. Joyce.	
Mr. A. H. Joyce	1	Additional Deputy Secretary.	Pay upto 31st October 1936 Ra. 1,425 Special Pay Ra. 400.	Mr. G. W. McElhinny.	
Mr. G. W. McElhinny		(From 1st January 1936 to 29th October 1936.)	S. O. P. £30. Pay from 1st November 1936 Ra. 1,500. Special Pay Ra. 400. S. O. P. £30.		
	1	Additional Under Secretary. (23rd November 1936 to 31st December 1936.)	Ra. 700 Special Pay Ra. 300. S. O. P. £15.	Mr. H. S. Stephenson.	
Mr. M. F. Cleary Mr. E. A. C. King. Mr. W. N. P. Jenkin Mr. C. R. B. Murray.* Mr. F. L. Underwood.* Mr. N. P. A. Smith.*	1	O. S. D.†	Ra. 3,000 O. P. £13-6-8.	Sir John Ewart	*Appointed in 1936.
	1	O. S. D.‡	Ra. 1,250 S. P. 200 O. P. £30.	Mr. G. W. Benton.	†Temporary from 16th March 1936 to 24th March 1936.
	1	O. S. D.§	Senior Scale I. P. Special Pay Ra. 300.	Mr. H. W. Hale	‡Temporary from 6th October 1936 to 15th October 1936.
R. B. P. C. Roy R. B. G. J. Raja.* K. S. Tajud-Din. Mr. Ishaq Hussain. R. B. G. R. Ayyangar.* R. S. J. C. Dutta.* K. S. M. H. S. Naqvi.* Mr. S. D. Shukul.* Mr. C. M. Jha.*	1	Deputy Superintendent of Police.	Ra. 575 Special Pay Ra. 150.	Mr. S. C. A. Lyon.	§Temporary.
	1	Additional Deputy Director.	Ra. 1,950—50—2,150. Special Pay Ra. 100. O. P. £13-6-8.	Mr. D. Pilditch.	|| Temporary from 23rd March 1934 to 7th April 1934.

Department or office.	Posts created in 1934.				Posts created in 1935.		
	No.	Designation.	Pay.	Name of officer appointed.	No.	Designation.	Pay.
Office of the Intelligence Bureau.	1	O. S. D.* ..	Senior scale I. P. plus S. P. Rs. 300.	Mr. J. F. Cowgill.	..	..	..
	1	Superintendent of Police.†	Senior Scale I.P. plus S. P. Rs. 200.	Mr. M. F. Cleary.	..	..	..
Office of the Bureau of Public Information.	..	..	..	..	..	..	..
Office of the Federal Public Service Commission.	..	..	..	..	..	..	..
External Affairs Department.	1	Assistant Secretary (11th September 1934 to 1st January 1935.)	1,000—50—1,250	Rai Bahadur S. C. Biswas.	1	Additional Deputy Secretary (28th June 1935 to 30th September 1935.)	Grade pay in the I.C.S. plus Special pay of Rs. 300 p.m.
					1	Under Secretary (General) (Temporary 14th October 1935.)	Pay in the I.A. and A.S. plus S. P. of Rs. 300 p.m.
Defence Department	..	..	..	..	1	Assistant Secretary (Temporary.)	Ra. 1,000—50—1,250.
					1	Assistant Secretary (Sanctioned from 3rd May 1935 to 1st November 1935.)	Ra. 1,000—50—1,250.
Defence Department—Attached Offices.	1	Secretary, P.S.O.C. (I).	1,530	Capt. T. I. Bate, I.A.O.C.	..	..	..
Principal Supply Officers Committee (India).	..	..	..	..	..	..	..

1935.	Posts created in 1936.				Remarks.
	Name of officer appointed.	No.	Designation.	Pay.	
..	..	..	..	..	*Temporary from 24th November 1934 to 15th February 1935.
..	..	..	..	..	†Temporary converted into permanent post of C. I. O. in 1935.
..	..	3	(i) Additional Deputy Directors, Public Information. (2).	Ra. 1,300 plus O.P. Ra. 177/12/- (1,200—50—1,400). Ra. 750	Mr. E. H. Phillip.
..	..	(ii) Chief Superintendent.	500—20—600.	Mr. S. C. Guha Thakurta.	Mr. M. Shamsul-Islam.
..	..	1	Assistant Secretary and Supervisor of Examinations.	Ra. 750—25—900.	Mr. F. E. Quraishi.
Mr. Akhtar Hussain, I.C.S.	1	Additional Deputy Secretary (Foreign) (Temporary 1st April 1936.)	Pay in the time scale of the Political Department plus S.P. of Rs. 400 p.m. subject to maximum of Ra. 2,250 p.m.	Mr. K. P. S. Menon.	
Mr. G. K. S. Sarma	..	..	..	..	
R. B. S. S. Ghosh (from 1st March 1935 to 1st November 1935.)	1	Officer-in-Charge, Navy, Office Section (Sanctioned for year from 1st March 1936.)	Ra. 1,150† Ra. 1,375† Ra. 1,450†	Lieut. Com. J. T. S. Hall, R.I.N.	‡Consolidated. §Pay revised from 1st June 1936 to pay 6 grade and allowances plus Staff allowance of Rs. 400 p.m. ¶The post was held in abeyance from 27th March 1936.
R. B. A. P. Dube (from 2nd November 1935 to 14th January 1936.)	..	..	..	..	
Mr. R. W. Simpson (from 15th January 1936 to 14th March 1936.)	..	..	..	..	
R. B. A. P. Dube (from 15th March 1936 to 26th March 1936.)	..	..	..	..	
R. B. A. P. Dube	1	Officer on Special Duty (from 1st February 1936 to 23rd April 1936.)	Ra. 1,450	Lt.-Col. S. B. Jackson.	
..	1	Officer on Special Duty (from 24th April 1936 to 1st October 1936.)	Ra. 1,000	Capt. C. S. Lazenby.	
..	1	Temporary Civilian Technical Officer (Engineer.)	Ra. 1,300	Lt.-Col. C. Preedy. (Retired).	¶Appointments sanctioned on contract for two years from the 19th June 1936
..	1	Temporary Civilian Technical Officer (Chemist.)	Ra. 1,600	Dr. W. A. K. Christie.	

Department or office.	Posts created in 1934.				Posts created in 1935.		
	No.	Designation.	Pay.	Name of officer appointed.	No.	Designation.	Pay.
Department of Education, Health and Lands Secretariat.	1	Officer on Special Duty (3-8-34 to 31-10-34).	Rs. 1,850 inclusive of special pay.	Mr. K. P. S. Menon, I.C.S.	..	..	..
Do.—Attached Offices.							
Office of the Director General, Indian Medical Service.	1	Officer on Special Duty (26-10-34 to 9-12-34).	Rs. 1,800	Major A. N. Sharma, I.M.S.	1	Officer on Special Duty (9-9-35 to 24-4-36).	Rs. 1,950
Industries and Labour including the Office of the Consulting Engineer to the Government of India (Roads) Secretariat.	1	Officer on Special Duty for Reconnaissance and Road Survey in the Eastern States and Orissa (lasted from 12-11-34 to 14-9-35 only).	Pay in the senior scale of the I. S. E. plus special pay of Rs. 100 p. m.	Mr. L. S. Adlard, I.S.E.	..	..	..
	1	Assistant to the Consulting Engineer to the Government of India (Roads).	Do.	Mr. R. L. Sondhi, I.S.E. (up to 8-10-36, vacant from 9th to 21st October 1936).	..	..	..
			Rs. 390 p. m. in the scale of Rs. 250—20—750 plus special pay of Rs. 100 p. m.	Mr. Jagdish Prasad (from 22-10-36).	..	..	..
Do. Attached Offices.							
Office of the Controller of Broadcasting.	..	..	..	..	1	Controller of Broadcasting.	Rs. 2,000—50—2,200.

1935.	Posts created in 1936.				Remarks.
	Name of officer appointed.	No.	Designation.	Pay.	
..	..	1	Officer on Special Duty (12-9-36 to 23-10-36).	Rs. 1,200 .. S. P. Rs. 250 and S. O. P. £25.	Mr. A. P. Hume, I.C.S.
		1	Do. (2-11-36 to 31-1-37).	Rs. 3,500 ..	Sir James Fitzkeathly, Kt.
		1	Do. (26-5-36 to 8-7-36).	Rs. 2,100 inclusive of special pay S. O. P. £30.	Mr. G. S. Bozman, I.C.S.
		1	Do. (14-11-36 to 26-11-36).	Rs. 1,825 inclusive of special pay O. P. Rs. 300.	Mr. R. K. Nehru, I.C.S.
		1	Do. (27-11-36 to 7-2-37).	Rs. 2,200 inclusive of special pay S. O. P. £30.	Mr. G. S. Bozman, I.C.S.
		1	Leader of Malaya Deputation (27-11-36 to 7-2-37).	..	The Rt. Hon. V. S. S. Shastri, P.C.C.H.
Mr. A. D. Loganathan, I.M.S.		1	Deputy Public Health Commissioner with the Government of India from 22-6-36.	Rs. 1,000 plus £38 overseas pay.	Capt. A. W. West, I.M.S.
..		1	Additional Deputy Secretary (for 2 years from 1-4-36).	Pay in the senior scale of the I.C.S. plus Spl. Pay of Rs. 400 p. m.	Mr. N. Mahadeva Ayyar, I.C.S.
..		1	Officer on Special Duty (from 3rd to 11th Feb. 1936).	Pay in the senior scale of the I.C.S. plus special pay of Rs. 400 p. m.	Mr. J. A. Mackeown.
..		1	Officer on Special Duty from 8th to 23rd July 1936.	Rs. 1,950 p. m. plus special pay of Rs. 250 p. m.	Mr. L. B. Gilbert, I.S.E.
Mr. Lionel Fielden ..		1	Chief Engineer, All-India Radio.	Rs. 1,650—50—1,850.	Mr. C. W. Goyder.
		1	Deputy Controller of Broadcasting.	Rs. 920 (personal)	Mr. A. S. Bokhari.

Department or office.	Posts created in 1934.				Posts created in	
	No.	Designation.	Pay.	Name of officer appointed.	No.	Pay.
Office of the Director of Civil Aviation in India.	1	Chief Inspector of Aircraft.	Senior time scale of I. S. E.	Mr. A. S. Lane.	1	Engineer Officer
	1	Engineer Officer (Temporary).	Rs. 1,370 p.m. plus Rs. 145 p.m. if the Officer marries.	Mr. J. A. O'Brien (from 30th November 1936). Captain A. G. Wyatt, R.E.	1	Technical Officer.
Indian Stores Department, Office of the Chief Controller of Stores.	1	Director, Industrial Research Bureau.	Rs. 2,250 + £13-6-8 (personal to Mr. Brodie).	Mr. N. Brodie (a).	1	Aircraft Inspector.
	1	Assistant Director, Industrial Research Bureau.	(Old scale Rs. 950—50—1,200) (New Scale Rs. 740—35—950).	Mr. E. Dixon (Old scale) (b).	..	..
	1	Deputy Director-General, Finance.	Rs. 1,500—60—1,800 plus additional pay of Rs. 300 representing General time scale, Class I of Indian Audit.	Mr. Zahid Hussain, I.A. & A.S.	..	..
Office of the Director General, Posts and Telegraphs.	1	Assistant Deputy D. G. (Temporary).	Grade pay of the Officer holding the post plus off. pay of Rs. 250.	†Mr. H. C. Hogg (Anglo-Indian) an officer of the Telegraph Traffic Service, Class II.	..	..
	1	Do. ..	Do. ..	Mr. A. Ghosh	..	..

STATEMENTS LAID ON THE TABLE.

1935.		Posts created in 1936.				Remarks.
Name of officer appointed.	No.	Designation.	Pay.	Name of Officer appointed.		
Mr. H. J. Paterson, I.S.E.	1	Administrative Officer.	Rs. 750—25—900	Mr. E. W. F. Rodgers, Rai Sahib Dip Chand from 24th June 1936.	..	..
Mr. A. N. L. Worger, Shada.	1	Technical Officer (Temporary).	Rs. 1,200 ..	..	..	..
Mr. E. M. Rossiter from 23rd April 1936.	..	..	..	..	..	..
Mr. G. M. Randall ..	1	Assistant Director of Purchase (Engineering).	(Old scale Rs. 1,000—50—1,200). New scale Rs. 740—35—950.	Mr. K. C. Pakrasi (Old scale) (c).	..	(a) Mr. Brodie was appointed to the post by promotion. Mr. J. E. Wallace (Anglo-Indian) Head Draftsman was actually appointed in the chain in the lowest class of the cadre.
..	..	..	..	..	..	(b) Mr. Dixon was appointed to the post by promotion. Mr. Mohd. Ashiq was actually appointed in the chain in the lowest class of the cadre.
..	..	..	..	..	..	(c) Mr. K. C. Pakrasi was appointed to the post by promotion. He was, however, posted to the Bombay Circle and the officer appointed in the chain in the Headquarters Office was first Mr. N. R. Palit, next Mr. R. P. Mathur and finally Mr. K. K. Bose. Mr. Bhagat was appointed as Assistant Controller of Purchase in the chain from the Inspection Branch in whose place Mr. R. N. Sarma has been recruited.
..	1	Assistant Deputy Director-General.	Grade pay of the officer holding the post plus special pay of Rs. 250.	*Mr. F. W. Taylor [Assistant Engineer, Wireless (European)]	..	* Pay Rs. 640 plus special pay Rs. 250.
..	1	Do. ..	Do. ..	†Mr. A. Ghosh [Superintendent, office of the D. G., P. and T.].	..	† Pay Rs. 500 plus special pay Rs. 250.
..	1	Do. ..	Do. ..	†Mr. E. D. Geils (Anglo-Indian) an officer of the Telegraph Traffic Service, Class II.	..	† Pay Rs. 490 plus Special pay Rs. 250.

Department or office.	Posts created in 1934.				Posts created in 1935.			
	No.	Designation.	Pay.	Name of officer appointed.	No.	Designation.	Pay.	
Commerce Department Secretariat.	1	Officer on Special Duty (Temporary).	Rs. 3,000 ..	Mr. Susil C. Sen.	1	Officer on Special Duty (Temporary).	Rs. 3,000 ..	
					1	Do. ..	Rs. 2,250 ..	
Do. Attached Offices.					1	Assistant Secretary (Temporary).	Rs. 1,000—50—1,350.	
Statistical Research Branch.	..	..	..	Nil.	..	..	..	
Tariff Board	1	Technical Adviser, Tariff Board.	Rs. 1,200 ..	Mr. J. Addyman.	1	Secretary, Special Tariff Board.	Rs. 700 (Junior time-scale of the I. C. S.) plus Special pay Rs. 300.	
Railway Deptt. (Railway Board) Secretariat (Permanent).	..	..	..	..	1	Director (d) ..	Rs. 2,600 in the scale of Rs. 2,500—100—3,000 plus S. O. P. of £13-6-8.	
Temporary ..	..	..	..	..	1	Deputy Director.	Rs. 1,100 plus addition to pay Rs. 250 in the Scale of Rs. 550—50—1,300 plus Special pay Rs. 250.	
Do. Attached Offices.								
Central Standards Office. (Permanent).	..	Chief Controller.	Rs. 3,000 plus Rs. 1,000 P. P.	Mr. J. M. D. Wrench, C.I.E.				
	2	Deputy Chief Controllers.	Rs. 2,250 plus O. S. P. £13-6-8.	Mr. L. H. Swain.				
				Mr. R. C. Case.				
	3	Assistant Chief Controllers.	1. Rs. 925 plus Special pay Rs. 150 plus O. S. P. £30. 2. Rs. 775 plus Special pay Rs. 150 plus O. S. P. £25. 3. Rs. 625 plus Special pay Rs. 150.	1. Mr. W. A. Nightingale. 2. Mr. W. D. Thompson. 3. Mr. A. Vasudevan.				

1935.	Posts created in 1936.				Remarks.
Name of officer appointed.	No.	Designation.	Pay.	Name of officer appointed.	
Mr. Susil C. Sen ..	1	Officer on Special Duty (Temporary).	Rs. 3,000 ..	Mr. Susil C. Sen	Post has since been abolished.
Mr. N. R. Pillai, I.C.S.	1	Additional Secretary (Temporary).	Rs. 4,000 ..	The Hon'ble Mr. H. Dow C.I.E., I.C.S.	These posts have since been abolished.
Rai Sahib A. N. Puri..	..	..	..	..	Post sanctioned up to 30th June 1937 only.
Nil.	..	..	..	Nil.	..
Mr. C. M. Ker, I.C.S...	..	..	..	Nil.	The post of Secretary Tariff Board was revived from the 2nd October 1935 to the 1st April 1936.
Mr. E. Ingoldby ..	..	..	..	..	(a) From 6th April 1936 to 17th May 1936 and 2nd August 1936 to 14th October 1936.
Mr. K. M. Hassan ..	1	Member (e) ..	Rs. 4,000 ..	Mr. A. E. Tylden Pattenson.	(b) From 26th October 1936.
	1	Additional Deputy Director (a).	Rs. 1,350 plus S. P. Rs. 250.	Mr. Yakub Shah	(c) From 23rd April 1936.
	1	Assistant Director (b).	Rs. 600 plus S. P. Rs. 250.	Mr. K. Ubaid-ullah.	(d) Post was held in abeyance from 1st April 1932 and revived from 1st April 1935.
	1	O. S. D. (c) ..	Rs. 3,000 plus O. S. P. £13-6-8.	Mr. R. F. Mudie, C.I.E., O.B.E., I.C.S.	(e) Post was held in abeyance from 29th March 1932 and revived from 12th October 1936.

Department or office.	Posts created in 1934.				Posts created in		
	No.	Designation.	Pay.	Name of officer appointed.	No.	Designation.	Pay.
Central Standards Office (Temporary.)	..	..	..	..	2	Officers on Special Duty	Ra. 1,025 + S.P. Ra. 200 + O. S. P. £30. Ra. 675 + S. P. 150 + O. S. P. £25.
Legislative Department.	..	..	..	..	..	..	..
Finance Department (including the C.B.R.).	1	Additional Secretary.	Ra. 4,000	..	1	Additional Secretary.	Ra. 4,000
	1	O. S. D.	Ra. 4,000	Mr. J. B. Taylor, C.I.E., I.C.S.	1	Temporary Member C.B.R.	Ra. 3,500
	1	Temporary Member (C.B.R.).	Ra. 3,500	Mr. M. L. Darling, C.I.E., I.C.S.	1	Officer on Special Duty	Ra. 2,450 S. P. 200. O. P. £13-6-8.
	1	Joint Secretary.	Ra. 3,000 O. P. £13-6-8.	Mr. W. W. Nind, C.I.E.	1	Assistant Secretary.	Ra. 1,000
	1	First Secretary (C. B. R.).	Ra. 900 S. P. 300.	Mr. P. C. Tallents, C.S.I., C.I.E. I.C.S.	1	Officer on Special Duty (C. B. R.).	Ra. 950 Special pay 300
				Mr. R. R. Saksona.	1	Additional Under Secretary (from 23rd October 1935 to 31st December 1935).	Ra. 800 Special pay 200 O. P. £25.
					1	Additional Under Secretary (from 2nd January 1935 to 15th April 1935).	Ra. 650 Special pay 300 O. P. £25.

1935.		Posts created in 1936.			Remarks.
Name of officer appointed.	No.	Designation.	Pay.	Name of Officer appointed.	
Mr. W. E. Gibson	..	..	..	..	
Mr. E. A. Blackwood	..	..	..	..	
..	1	Additional Joint Secretary.	Ra. 3,000 plus £13-6-8.	Mr. A. deC. Williams, I.C.S.	
Mr. J. C. Nixon, C.I.E., I.C.S.	1	Additional Secretary.	Ra. 4,000	Mr. A. J. Raisman, C.I.E., I.C.S.	
Mr. W. W. Nind, C.I.E.	1	Joint Secretary	Ra. 3,000 O. P. £13-6-8.	Mr. E. T. Coates.	
Mr. E. T. Coates, I.C.S.	1	Private Secretary to Hon'ble Member.	Ra. 1,150 Special pay 300. O. P. £25.	Mr. J. B. Bird, I.C.S.	
Mr. N. Sundaresan	..	..	..	..	
Mr. R. R. Saksona	1	Officer on Special Duty (C.B.R.).	Ra. 1,150 S. P. 300. O. P. £25.	Mr. J. B. Shearer, I.C.S.	
Mr. J. B. Bird, I.C.S.	1	Attaché	Ra. 650 Special pay 150.	Mr. Abdul Qadir.	
Mr. H. S. Stephenson, I.C.S.	1	Assistant Secretary.	Ra. 850 Special pay 250.	Mr. N. Sundaresan.	

FILLING UP OF POSTS OF GAZETTED OFFICERS IN THE GOVERNMENT OF INDIA OFFICES BY NON-INDIANS.

Question No. 810.

Statement showing the number of Gazetted Officers, posts above the rank of Superintendents in certain Departments of the Government of India Secretariat which were previously held by Indians were filled by non-Indians in 1934, 1935 and 1936 and the designation of such posts.

Department.	No. of posts with designations.
Home	1 Deputy Secretary.
Foreign (now External Affairs)	Nil.
Defence	Nil.
Education, Health and Lands	Nil.
Industries and Labour (including the office of the Consulting Engineer to the Government of India (Roads)).	1 Under Secretary.
Commerce	Nil.
Railway	Nil.
Legislative	Nil.
Finance	Nil.

ELECTION OF A MEMBER TO THE GOVERNING BODY OF THE INDIAN RESEARCH FUND ASSOCIATION.

Mr. President (The Honourable Sir Abdur Rahim) : I have to inform the Assembly that upto 12 Noon on Thursday, the 26th August, 1937, the time appointed for receiving nominations for the Governing Body of the Indian Research Fund Association only one nomination was received. As there is only one vacancy, I declare Mr. George Joseph to be duly elected.

THE INDIAN SECURITIES (AMENDMENT) BILL.

The Honourable Sir James Grigg (Finance Member) : Sir, I beg to move for leave to introduce a Bill further to amend the Indian Securities Act, 1920 for a certain purpose.

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

“ That leave be granted to introduce a Bill further to amend the Indian Securities Act, 1920, for a certain purpose.”

The motion was adopted.

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

THE DANGEROUS DRUGS (AMENDMENT) BILL.

Mr. A. H. Lloyd (Government of India : Nominated Official) : Sir, I beg to move for leave to introduce a Bill further to amend the Dangerous Drugs Act, 1930, for a certain purpose.

THE DANGEROUS DRUGS (AMENDMENT) BILL.

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

“ That leave be granted to introduce a Bill further to amend the Dangerous Drugs Act, 1930, for a certain purpose.”

The motion was adopted.

Mr. A. H. Lloyd : Sir, I introduce the Bill.

THE INDIAN PATENTS AND DESIGNS (AMENDMENT) BILL.

The Honourable Sir Thomas Stewart (Member for Industries and Labour) : Sir, I beg to move for leave to introduce a Bill further to amend the law relating to the protection of Inventions and Designs.

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

“ That leave be granted to introduce a Bill further to amend the law relating to the protection of Inventions and Designs.”

The motion was adopted.

The Honourable Sir Thomas Stewart : Sir, I introduce the Bill.

THE INDIAN MINES (AMENDMENT) BILL.

The Honourable Sir Thomas Stewart (Member for Industries and Labour) : Sir, I beg to move for leave to introduce a Bill further to amend the Indian Mines Act, 1923, for certain purposes.

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

“ That leave be granted to introduce a Bill further to amend the Indian Mines Act, 1923, for certain purposes.”

The motion was adopted.

The Honourable Sir Thomas Stewart : Sir, I introduce the Bill.

MOTION RE REPORT OF THE INDIAN RAILWAY ENQUIRY COMMITTEE.

Mr. President (The Honourable Sir Abdur Rahim) : As regards the motion which stands in the name of the Honourable Sir Saiyid Sultan Ahmad, it has been arranged that there should be a time limit for speeches. The arrangement that has been arrived at between the Leaders of the Parties and the Government is that the Movers of the amendments will have 25 minutes each and the Honourable Sir Saiyid Sultan Ahmad, who does not wish to make any speech when he moves the motion that the Report be taken into consideration, will speak after all the amendments have been moved and will have thirty minutes, and the other speakers will have 15 minutes each.

Dr. Ziauddin Ahmad (United Provinces Southern Divisions : Muhammadan Rural) : Is that your ruling, Sir ? Is it according to the Standing Order ?

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Mr. President (The Honourable Sir Abdur Rahim) : This is the arrangement arrived at. I have not got any power to impose a time limit. Any one can speak as long as he likes, but this is the arrangement which has been arrived at amongst the leaders of Parties and, I am told, it is generally acceptable to the House.

Sir Muhammad Yakub (Rohilkund and Kumaon Divisions : Muhammadan Rural) : I am informed that our Party was never consulted and, therefore, we do not agree to this arrangement at all.

Mr. M. S. Aney (Berar : Non-Muhammadan) : I was never consulted too, but I will accept the arrangement.

Mr. President (The Honourable Sir Abdur Rahim) : I can only appeal to the good sense of Honourable Members that if there is to be a proper discussion in which as many Honourable Members who wish to take part can have an opportunity to do so, then some time limit has to be observed. That has been the case on almost every occasion that I remember. I hope, therefore, that the proposal that has been put forward will be generally acceptable to the House. If that is so, I shall enforce the time limit as agreed upon.

Sir Muhammad Yamin Khan (Agra Division : Muhammadan Rural) : The point is that on every occasion you were pleased to make an arrangement fixing time limit, you did so with the consent of the whole House and that was an arrangement in which all Parties were consulted.

Mr. President (The Honourable Sir Abdur Rahim) : I understood that in this case also all the Parties were consulted, but I find that the Democratic Party was not consulted.

Mr. M. A. Jinnah (Bombay City : Muhammadan Urban) : I wish to inform you that nobody on behalf of my Party was consulted.

Sir Muhammad Yakub : Only the Congress Party was consulted. They seem to want to boss over the whole show.

Mr. President (The Honourable Sir Abdur Rahim) : That sort of remark should not be made.

Mr. Bhulabhai J. Desai (Bombay Northern Division : Non-Muhammadan Rural) : I was not present when the decision was arrived at.

Mr. M. A. Jinnah : I was making some remarks when I was interrupted, and it seems to me that nobody can get up unless he is interrupted before he even begins.

Mr. President (The Honourable Sir Abdur Rahim) : Will the Honourable Member please speak up ?

Mr. M. A. Jinnah : I suffer under the same disability when the Chair speaks.

Mr. President (The Honourable Sir Abdur Rahim) : If the Honourable Member wishes me to hear what he says, I must ask him to speak up if he can.

Mr. M. A. Jinnah : I reciprocate that. I want to draw your attention to this. We do not wish in any way to put any difficulty in the way of business being facilitated. We shall always be too glad to come to some arrangement which will help the conduct of the business of the House.

but I must say this that no Party, however important they may be in number, should come to any such arrangement without consulting other Parties and, at the same time, communicate to you that that is the arrangement arrived at by the House and by all the Parties. With those observations I am quite willing to meet you in any way I can.

Mr. President (The Honourable Sir Abdur Rahim) : I think I can clear up one misconception, that this message was communicated to me not by the Congress Party, but by the Secretary of the Legislative Department.

Mr. M. A. Jinnah : I equally protest against that.

Mr. President (The Honourable Sir Abdur Rahim) : I did not know that no other Party was consulted.

Sir Muhammad Yakub : It is still more unfortunate that a Government Member should place such false information before the Honourable the President.

Mr. President (The Honourable Sir Abdur Rahim) : If Honourable Members do not agree to the proposal, then, of course, they are quite entitled not to. But if it is the general sense of the House to impose a time limit, I think it will facilitate discussion and the proposal that has been put forward is not an unreasonable one.

Sir Muhammad Yakub : May I point out, Sir, that we do not object to any time limit provided that there is no preference given to any particular Member. Honourable Members belonging to all Parties should be equally treated and must have the same time to speak.

Mr. President (The Honourable Sir Abdur Rahim) : I do not think the Honourable Member heard properly what I said. What is proposed is that 25 minutes should be allowed to the Movers of amendments and 15 minutes to each of the other speakers who have not got any amendments to move, irrespective of any Party. Thirty minutes should be allowed to the Honourable Member representing the Railway Department. This is the arrangement arrived at. There is no question of any discrimination so far as I am aware.

Dr. Ziauddin Ahmad : You will follow the practice that has been followed hitherto in case of such motions, namely, that all the amendments will be moved first without speeches and the discussion will begin on original motion and the amendments combined. Then there shall be no distinction between a Member who originally moved and any other Member who speaks on the motion.

Mr. President (The Honourable Sir Abdur Rahim) : Then that means that the arrangement has not been agreed to by the House.

Mr. G. H. Spence (Secretary, Legislative Department) : Sir, may I make a submission ? For any fault on my own part I apologise to the House at large and, in particular, to the Honourable Members immediately concerned. I may say that I was under the impression that negotiations between all Parties had already taken place. When you asked me, Sir, during the question hour what arrangement had been arrived at, I inquired from the Honourable the Leader of the House what arrangement had been arrived at. He said he did not know and he instructed me to inquire from Members of the Party opposite. The inquiry I intended

[Mr. G. H. Spence.]

to address to Mr. Gadgil was,—I am afraid I did not make myself sufficiently clear,—what arrangement had been arrived at.

Mr. President (The Honourable Sir Abdur Rahim) : It is unfortunate that the Honourable Member did not communicate with the Leaders of the other Parties. The position is that I tried to get all the Leaders this morning when I came but only the Leader of the European Group and one of the representatives of the Congress Party, the Leader of the House and the Honourable Member representing the Railway Department were available, and then it was settled that the Leader of the House will try to ascertain the views of the other Parties and let me know when the questions are finished, when I got the message I communicated it to the House. If Honourable Members agree to the proposal which I have announced, I shall impose the time-limit.

Mr. M. A. Jinnah : I am not prepared to agree to it now.

Sir Muhammad Yakub : Nor are we prepared to agree to it.

Mr. President (The Honourable Sir Abdur Rahim) : Then there will be no fixed time limit and any Honourable Member will speak as long as he likes provided he observes the rules and standing orders.

The Honourable Sir Saiyid Sultan Ahmad (Member for Commerce and Railways) : Sir, before I move the motion in my name, I should like to know what the procedure will be. I understood you to say that after I have formally moved that the report be taken into consideration, amendments will be moved by my Honourable friends, and I take it that they will make their speeches in support of those amendments, and after that I will come in and make my speech.

Mr. President (The Honourable Sir Abdur Rahim) : At what stage the Honourable Member proposes to make his speech is for him to decide. Will the Honourable Member make any speech now?

The Honourable Sir Saiyid Sultan Ahmad : No, Sir.

I beg to move :

“That the report of the Indian Railway Enquiry Committee be taken into consideration.”

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

“That the report of the Indian Railway Enquiry Committee be taken into consideration.”

There are several amendments, and I think it will tend to the convenience of the House if they are moved formally and then the discussion will proceed on the amendments as well as the main motion.

Mr. Lalchand Navalrai (Sind : Non-Muhammadan Rural) : Sir, on a point of order, may I know whether this is a Resolution?

Mr. President (The Honourable Sir Abdur Rahim) : It is not a Resolution; it is motion under Rule 24A.

Mr. S. Satyamurti (Madras City : Non-Muhammadan Urban) : Sir, I beg to move :

“That at the end of the motion the following be added :

‘and, on such consideration, this Assembly recommends to the Governor General in Council that they should accept the recommendation of the Public Accounts Committee on the accounts of 1935-36, on the Report of the Indian Railway Enquiry Committee.’”

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

“That at the end of the motion the following be added :

‘and, on such consideration, this Assembly recommends to the Governor General in Council that they should accept the recommendation of the Public Accounts Committee on the accounts of 1935-36, on the Report of the Indian Railway Enquiry Committee.’”

Pandit Nilakantha Das (Orissa Division : Non-Muhammadan) : Sir, I beg to move :

“That at the end of Mr. S. Satyamurti's amendment the following be added :

‘This Assembly further recommends to the Governor General in Council that they pay special and immediate attention to the remarks and recommendations of the Committee on the following :

- (1) The excess of the rolling stock, its use, repairs, disposal, and the restriction with regard to its purchase (paragraphs 47, 49 and 68).
- (2) Reorganisation of workshops specially with regard to their amalgamation for construction as distinct from repair of rolling stock and concentration of specialised work (paragraph 52).
- (3) Excessive lavishness in capital expenditure and its restriction in future (paragraph 74).
- (4) Centralising purchase of stores in the Indian Stores Department with leaning in favour of indigenous commodity (paragraph 88) and carrying out of research jointly by the Indian Stores Department and the Central Standards Office of the Railway Board (paragraph 89).

That in view of the above the following among other measures be taken :

A three years' planned programme prepared in consultation with the House or the Standing Finance Committee for Railways and put in operation at the earliest possible date to give effect to the following suggestions, viz.,

- (1) to reduce and restrict the stock to the extent of its absolute necessity ;
- (2) to reduce foreign purchase to an irreducible minimum ;
- (3) to put capital expenditure on an absolutely reasonable basis ;
- (4) to reorganise and recondition workshops and open new ones if need be to ensure indigenous supply of all Railway stock and materials that can be made available in India including locomotives. For this purpose the money available from the scrapping of useless excess stock may be utilised ;
- (5) to organise for the training of Indians here in India and in foreign countries if need be to ensure the management of the business both in its administration and technical side by Indians according to the requirement.”

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

“That at the end of Mr. S. Satyamurti's amendment the following be added :

‘This Assembly further recommends to the Governor General in Council that they pay special and immediate attention to the remarks and recommendations of the Committee on the following :

[Mr. President.]

- (1) The excess of the rolling stock, its use, repairs, disposal, and the restriction with regard to its purchase (paragraphs 47, 49 and 68).
- (2) Reorganisation of workshops specially with regard to their amalgamation for construction as distinct from repair of rolling stock and concentration of specialised work (paragraph 52).
- (3) Excessive lavishness in capital expenditure and its restriction in future (paragraph 74).
- (4) Centralising purchase of stores in the Indian Stores Department with leaning in favour of indigenous commodity (paragraph 88) and carrying out of research jointly by the Indian Stores Department and the Central Standards Office of the Railway Board (paragraph 89).

That in view of the above the following among other measures be taken :

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- (3) to put capital expenditure on an absolutely reasonable basis ;
- (4) to reorganise and recondition workshops and open new ones if need be to ensure indigenous supply of all Railway stock and materials that can be made available in India including locomotives. For this purpose the money available from the scrapping of useless excess stock may be utilised ;
- (5) to organise for the training of Indians here in India and in foreign countries if need be to ensure the management of the business both in its administration and technical side by Indians according to the requirement."

Mr. F. E. James (Madras : European) : Sir, I beg to move :

"That at the end of the motion, the following be added :

- 'and on such consideration recommends to the Governor General in Council that the recommendations contained in the Report be dealt with in the following manner, that is to say :
- (a) the recommendation in chapters III, IV, V, VI, XI and XII concerning economies, administration, statistics, improved railway facilities, and public relations be generally adopted ;
 - (b) the recommendations in chapter VII concerning staff discipline and training be adopted without delay ;
 - (c) the recommendations in chapters VIII and IX concerning measures to increase revenue and rates and charges be postponed pending the results of a conference to be arranged between the railway authorities and representatives of commerce, industry, trade and agriculture ;
 - (d) the recommendations in chapter X concerning co-ordination of road and rail transport together with the proposed comprehensive Motor Vehicles (Amendment) Bill be placed as soon as possible before a joint meeting of the Transport Advisory Council and representatives of the transport interests for their opinion ;
 - (e) the recommendations in chapter XIII concerning amalgamation of railways be adopted in general subject to the modification that the contracts of company-managed railways be dealt with as such contracts expire ;
 - (f) the recommendations in chapters XIV and XV concerning the financial outlook and the Federal Railway Authority be considered by the Assembly in conjunction with the Resolution to be tabled by the Financial Commissioner of Railways concerning the cancellations of railway borrowings from the Depreciation Fund and arrears of contributions to the general revenues."

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

"That at the end of the motion, the following be added :

'and on such consideration recommends to the Governor General in Council that the recommendations contained in the Report be dealt with in the following manner, that is to say :

- (a) the recommendation in chapters III, IV, V, VI, XI and XII concerning economies, administration, statistics, improved railway facilities, and public relations be generally adopted ;
- (b) the recommendations in chapter VII concerning staff discipline and training be adopted without delay ;
- (c) the recommendations in chapters VIII and IX concerning measures to increase revenue and rates and charges be postponed pending the results of a conference to be arranged between the railway authorities and representatives of commerce, industry, trade and agriculture ;
- (d) the recommendations in chapter X concerning co-ordination of road and rail transport together with the proposed comprehensive Motor Vehicles (Amendment) Bill be placed as soon as possible before a joint meeting of the Transport Advisory Council and representatives of the transport interests for their opinion ;
- (e) the recommendations in chapter XIII concerning amalgamation of railways be adopted in general subject to the modification that the contracts of company-managed railways be dealt with as such contracts expire ;
- (f) the recommendations in chapters XIV and XV concerning the financial outlook and the Federal Railway Authority be considered by the Assembly in conjunction with the Resolution to be tabled by the Financial Commissioner of Railways concerning the cancellations of railway borrowings from the Depreciation Fund and arrears of contributions to the general revenues."

Pandit Nilakantha Das : I don't propose to move the next amendment which stands in my name.

Mr. President (The Honourable Sir Abdur Rahim) : Then the debate will proceed on the motion as well as the amendments.

Mr. S. Satyamurti : Sir, I propose to observe the time limit of 25 minutes, and I earnestly appeal to the House to observe the time limit suggested, although the Leaders of Parties are not agreeable to that. I put it on the simple ground that the matters involved in this debate are so important that we ought to get a vote if possible today. That is the only appeal.....

Mr. M. A. Jinnah : I cannot agree. It is entirely for the Chair to decide according to the strict letter of the Rules and Standing Orders.

Mr. S. Satyamurti : I hope my friend will remember that the strict letter of the law is not always applicable to important matters. I want to appeal.....

Mr. M. A. Jinnah : That is for the Chair, and not for me to decide.

Mr. S. Satyamurti : Sir, this Committee was appointed on a recommendation of the Public Accounts Committee, into which I was led to acquiesce, by the very plausible language of my esteemed friend, the Honourable Sir James Grigg, the Finance Member. You must have heard him swearing at the Railway Board, their methods of extravagant expenditure, and the keen anxiety he had that we should get out

[Mr. S. Satyamurti.]

some expert to set the railway finances on a sound footing. But, while the Public Accounts Committee agreed to one expert being got out, we got a Committee, and summarising it in one sentence, I may say, echoing the words of my friend, Sir Muhammad Yakub, this Committee, instead of carrying out the specific terms of reference to it, namely, "at a reasonable and early date put the railway finances on a sound and remunerative basis", have really made suggestions for extra expenditure of roughly a crore of rupees a year, for Europeanising certain aspects of the services, and for upsetting the whole scheme of future railway management and railway finances. They went out of their way, and they were impertinent,—to use the language of the Honourable the Leader of the House yesterday,—and have made all sorts of suggestions on matters not referred to them at all, on which *ex hypothesi* they were not called upon to pronounce, and in respect of which they could not have heard and did not hear all relevant evidence that was available in this country. Therefore, Sir, the Public Accounts Committee has recommended to this House that Government ought not to accept these recommendations which are outside the terms of reference to the Committee, or which involve extra expenditure or Europeanisation of the services, or which go against the wishes expressed by this House, time and again, long before we came in here, on fundamental questions of railway management, railway finance, and so forth.

Now, Sir, coming to the specific points, the first recommendation or the series of recommendations to which the Public Accounts Committee took exception and to which I want this House to take equal exception, are that "experienced European supervisors are still required for the railway workshops. The salaries offered and the prospect of continuous employment must, however, be such as to induce the best men to offer themselves, that the Principal of the Jamalpur School should continue to be a European of experience, that properly qualified men of European domicile for the gazetted posts of the mechanical engineering department should be recruited to fill at least 25 per cent. of the appointments". Our position, Sir, is that in these departments we want the maximum efficiency, but we are wholly against Europeanisation. The theory that Europeans alone can fill these posts is too old to need any further refutation at my hands.

Then the next recommendation of this Committee is that there should be no alteration in the London Office of the Central Publicity Bureau. Sir, I want the Government to examine this matter. This Bureau fulfils mainly the function of publicity. We say those functions ought to be discharged by the London Office of the High Commissioner for India. The Wedgwood Committee give a very curious reason for the continuation of this department, and that is to make purchases of railway requirements. Our information is that all these purchases are now being made through the Indian Stores Department, or its London Branch. Therefore, there is no need on this score for the continuance of this department.

The next recommendation is that the Traffic Member should be made permanent. It is a small example, Sir,—but a clinching example of the way in which a Committee which was asked to suggest ways of retrench-

ment goes on recommending continuation of new jobs, creation of new jobs and creation of new and increased scales of pay.

An Honourable Member : For Europeans ?

Mr. S. Satyamurti : Of course for Europeans. We say, there is no strong case for this, and I would ask the House not to agree to it without further consideration.

Then, Sir, they are very anxious about one thing. Throughout the evidence before the Public Accounts Committee during the last three years, during which I have had the honour of being a Member of it, Chief Commissioner after Chief Commissioner, when pressed for retrenchment, told us with great gusto,—Look at our new scales of pay ; as they come into force, we will save crores of rupees, and, therefore, please bear with us. But then come along these experts and say, "New scales may prove insufficient to attract the right type of recruits in certain grades and the scales ought to be revised if this proves to be the case". Special pleading for European recruitment on high salaries ! They also deal with matters with regard to which they are not competent to pronounce, that is, accounting and audit. Constantly Railway Commissioners have come under cross-examination in the Public Accounts Committee, and they are told that there are enormous departures from the capital programme, from the works programme and so on. They have, apparently, got very angry with the audit department, and with the accounts department, and they seem to have gone and told the Wedgwood Committee, "Put in something against the accountants and auditors. They put all sorts of questions, report on all sorts of matters and we have to give answers on all sorts of queries". Therefore, this Committee quietly said the accounts officers should be responsible to the Agents. Why should they be ? After all, they represent the control of expenditure, the Agents are for expenditure. It is a quiet assumption on their part that these accounts officers should not enjoy even the limited independence that they enjoy at present. At any rate, when the Federal Railway Authority is coming on, why should this Committee butt in, and say that the Agents ought to be masters ? Then there is sought to be created one other extra job. Each Agent who is now the only modern prototype of the great Moghul—the Agent has no Executive Council, has no Legislative Council,—even the Viceroy and Governors have got sometimes to answer some questions, satisfactorily or otherwise,—but these Agents have to answer nobody ; and, in order that they may have still more time to themselves, they want a Deputy to deal with establishment matters. Again, unnecessary expenditure ! Till the Federal Railway Authority is set up, they want the function of higher audit to be confined to matters of major importance. I have no time to go into it, but I would merely refer my Honourable friends to page 51 of the Wedgwood Enquiry Committee's Report where they will find that the anxiety of this Committee has been to somehow relieve these spending departments, these Agents, from the control even of the Auditor General. I suggest, as a member of the Public Accounts Committee of some experience, that the railways will still more rapidly go to the other place without the efficient and continuous control of the audit and accounts departments. This is a bad recommendation, intended more to help those people who recognise no control whatever but want to be masters in their own places and spend your money and my money without being

[Mr. S. Satyamurti.]

called to account for it at any time. Then, Sir, they recommend another job, a Statistical Officer in the Railway Board's Office. If there is going to be a Central Statistical Department having all kinds of functions which the Government is going to create, why do you want another officer in the Railway Board's Office? This is another example of creating new jobs. Then the most wicked of these recommendations in favour of new jobs on high scales of pay comes when they deal with what is called the Commercial Manager of a status equal to that of other heads of departments having under him a rates and fares branch, a traffic department branch, and a research branch. A liquidator is appointed to adjust the affairs of an insolvent. That liquidator, instead of trying to collect all his debts and compound with the creditors on some payment, adds to his debts and asks him to go on in his insolvency. This Committee was appointed to put the railway finances on a sound and stable basis. I have read these recommendations. They have not made one recommendation recommending retrenchment, but they go on recommending the addition of new jobs, not under the new scales of pay, but introducing higher scales of pay, and these gentlemen, including, of course, the South African, who had no knowledge about India and cared less for India, had the temerity to say,—

“ There is also a shortage of men in India trained in the tradition of a live and energetic commercial department.”

It means that we did not live at all in this country till the Europeans came here, and it was only when they came here that we began to learn the A. B. C. of modern commerce, etc.—

“ In these circumstances, such men must perhaps be imported.....”

Perhaps! That word is used as a sort of sop. They want them to be imported, but in order to make it decent-looking they put in the word, “ perhaps ”. The Public Accounts Committee are of opinion that there is need for the development of commercial departments of the railways, but there is no need to create new additional posts for the purpose, and there is much less need for importing any people from outside only for this purpose. Then the Wedgwood Committee add barefacedly that special steps must be taken to select and train suitable commercial representatives and the desirability of appointing senior men at the outset from Great Britain should be considered. Why? May I know? Was it their term of reference? Why do they say that men from Great Britain should be got and trained for this purpose? Of course, the answer will be, “ Then they will sell their goods better, they will attract more traffic and you will get more money ”. That is, in the future. But for the present, I am asked to spend more money on importing Europeans, and naturally the Public Accounts Committee said, “ We totally dissent from the latter part of this recommendation ”. The Wedgwood Committee did not recommend any general reduction in railway charges. On that matter, the Public Accounts Committee keeps an open mind and merely says :

“ Until this question is far more carefully studied and its effects on railway receipts properly assessed, we recommend to the Government that they should not accept the proposition that there can be no general reduction in charges.”

Then, as regards the big problem of road and rail transport they follow the familiar methods and make certain recommendations, some

of which are good, some of which are bad, and some of which are indifferent. The Public Accounts Committee say :

“ We recommend to Government that the whole question of transport—rail, road, inland waterways and coastal—should be considered together and co-ordinated on an all-India basis, as we are of opinion that any piecemeal action in the matter may make things worse.”

I have only to make two comments on this ; first, that, so long as the Provincial Governments have got an interest in road revenue and the Central Government has got this monopoly of railway traffic, this problem will never be solved. We must not forget, however, that 800 crores of our money are invested in the Indian Railways, and if they go west, you and I will have to pay for it, and nobody else will. On the other hand, there is no use trying to coerce the Local Governments. We have got to come to a settlement with them ; and I suggest that, instead of dealing with this problem piecemeal, we must tackle the entire problem of road, rail, inland waterways and coastal communications, on a comprehensive basis. So far as I am concerned, I am in favour of the nationalisation of all these forms of transport. I believe that is the right solution, but if you cannot do it at once, you must at least treat it on an all-India basis. So far as the non-Indian interests are concerned, they are interested equally in railways as well as in motor traffic. They manufacture and export to our country motor cars and also spare parts and petroleum. Therefore, their interests are in both these things, and they want them to go on on the present basis. But we do not. We want a settlement on an all-India basis. Similarly, we recommend with regard to reduction of rates :

“ We recommend to the Government to pursue this matter further by means of a proper and careful study of the data and of the experience available, and not to come to any decision merely on the basis of this recommendation.”

Then, Sir, comes this new favourite wife of the Government of India, the press officers, press liaison officers, all sorts of such officers, are being created now. They want a new man and do you know what they say ?

“ As a first approach, we recommend a young and enterprising journalist from Great Britain.....”

It almost looks as if they had somebody in their pocket !

“a young and enterprising journalist from Great Britain be invited to take over the task of organising the Railway Information Office for the Railway Board.”

This takes my breath away ! Absolutely shame-facedly they quietly say, for doing publicity in my country, somebody ought to come from England ! These are some of the minor recommendations, if I may say so.

The major recommendations now come along, where they have gone completely out of their way ; and if Government, I say with all respect, are so foolish as even to look at those recommendations, they will have destroyed the very foundation of railway finance in this country, and gone against the declared policy of this House, declared long before we came here. The Wedgwood Committee say :

“ The amalgamation of railways, if carried out too far, will result in unwieldy administrations.”

[Mr. S. Satyamurti.]

The Railway Board gave the Public Accounts Committee a very good map, suggesting the grouping of all the Indian railway systems into six groups. I have looked into this matter carefully. I am satisfied that with no loss of efficiency, and with considerable relief to the taxpayer, the Indian railway systems can be grouped together into five systems. I have no time to go into the details, but I do suggest and the Public Accounts Committee suggest that the systems of railway in India should be reduced to 6 or 5 or 4 at the earliest possible time. We do provide that it should involve no financial deterioration. We are satisfied it will not. Then comes this recommendation which I suggest very deliberately is put in to oblige the railway companies in England, and not to serve the taxpayer of this country, or even the Government of this country. They say :

"Any further exercise by the Government of their option to take over the company-managed railways should be deferred, until the end of 1945 to give the Federal Railway Authority an opportunity of consolidating its position."

If you put it off till 1945, you will never be able to buy up these railways. No Government, not even the Government of India, can raise in the course of one year, all the crores you require for buying up these options. It seems to me financially foolish. It is a veiled recommendation to say that you shall not purchase these railways when their contracts expire. We say that this is wholly outside the terms of reference to the Committee, is against the declared policy of the Indian Legislature, and should not be considered or accepted by the Government. Then, Sir, this House passed without a division, only last year, a Resolution, that the Government should purchase the Madras and Southern Mahratta Railway and the Bengal and North Western Railway.

Then, the Committee say, "no amalgamation of railways is possible at present". If it means that there are Company-managed railways that cannot be taken over, it is another matter, but as soon as it can be done it ought to be done.

Then, Sir, you have another recommendation, that Government should extend the contracts with the companies, to dates as far ahead as practicable. I sincerely hope and trust that Government will not look at this recommendation, and foreclose themselves against any possibility of closing the contracts, by extending them to dates as far ahead as practicable. They must reject it.

Then, I come to the third category of recommendations, governing railway finance. The Committee say that they want an adequate depreciation fund, and consider that a normal balance of 30 crores would not be excessive. I think my Honourable friend, the Finance Member, will remember that, for the last two years, we have had very interesting, and if I may say so, useful discussions with Sir P. R. Rao, the then Financial Commissioner of Railways, on the basis of the depreciation fund in the Public Accounts Committee. We are now moving away from the old theory of the depreciation fund on to a new theory of an empirical kind, where we provide for renewals and replacements ; and on that basis Government have agreed to 1/60ths of the capital at charge being contributed year by year to the depreciation fund. The

Government have agreed to it. The Auditor General has agreed and the Railway Board have agreed to it. I want to know on what basis they want this normal balance of 30 crores to be maintained. If you examine the figures, year by year, of actual expenditure from the depreciation fund, it comes to nothing like this. We now recommend going back to a system to which Sir P. R. Rao, Sir Ernest Burdon, Sir James Grigg and Mr. Nixon were all parties, by which we were to make over one sixtieths of the capital at charge as contribution to the depreciation fund. We recommend that this question ought to be considered by the Government, with the help of real financial and railway experts in the country. They must fix the fund on a proper basis, which we consider should be the renewals and replacement fund.

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

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

Mr. S. Satyamurti : Mr. Deputy President, I might go on very rapidly to the 21st recommendation of the Public Accounts Committee on page 25 :

"The Railway Enquiry Committee urge the importance of building up a general reserve fund to serve as an equalisation fund, for the payment of interest charges in bad years, and from which monies can be appropriated for the amortisation of capital."

Our position is this. We have no objection to a reserve fund being built up if they have paid up the obligations which have been cast on them by the Sir Otto Niemeyer report, and provided the fund is confined to the express purpose of serving as a reserve fund, only for paying interest charges in bad years.

So far as the question of amortization is concerned, I submit the matter is concluded by the recommendation of Sir Raghavendra Rau, made on page 57 of his report for 1934-35, in which he definitely said that, when railway revenues improve sufficiently, they should be expected to provide a minimum of two-thirds capital for amortization. For the present, he recommended only a contribution to the depreciation fund. I may add that, on these two matters, the Government of India and the Auditor General were both with him. If now the Government of India want to go back on that, let them give some reason otherwise they should not accept those recommendations as they stand.

Now, I come to the most important recommendation of the Wedgwood Committee :

"Looking to the future, we do not think that railways, after providing for depreciation, are likely over a period of years to earn more net revenue than will serve to meet their interest charges."

Let Sir James Grigg answer them. Speaking as the Chairman of the Public Accounts Committee in one of his breezy moods, on page 18

[Mr. S. Satyamurti.]

of the Report of the Public Accounts Committee on the Accounts of 1934-35 he said :

"The debt of the Central Government is about 1,200 crores ; of that, say, 800 crores is due to the railways. Any decent financial system will provide for the allocation to the sinking fund every year a sum which has some relation to your total debt, and unless the railways in some form or other make a contribution to the Central revenues, I think, the Government will be inadequately caring for its debt position."

I pin the Government of India to that position given by its Finance Member. I suggest that the Wedgwood Committee, when they told us that the railway cannot pay any contribution to the general revenues did not even respect the well-known decision of the Government of India. Then, Sir, the Wedgwood Committee says :

"We consider that railways should no longer be looked to as a possible source of revenues for the relief of general taxation."

The Public Accounts Committee quote from the Niemeyer report, which has been accepted by the Government of India. Sir Otto Niemeyer says :

"The position of the railways is frankly disquieting. It is not enough to contemplate that in five years' time the railways may merely cease to be in deficit. Such a result would also tend to prejudice or delay the relief which the provinces are entitled to expect. I believe that both the early establishment of effective co-ordination between the various modes of transport and the thorough going overhaul of railway expenditure in itself are vital elements in the whole provincial problem."

But Sir Ralph Wedgwood does not fight with Sir James Grigg and Sir Otto Niemeyer alone but he also fights the Government of India Act. Section 186 of the Government of India Act provides that any surplus on the revenue shall be shared between the Federation and the Authority but he says that there shall be no surplus whatever. We want the Governor General in Council not to accept their recommendation, because this will be a *carte blanche* to the Railway Board not to make any economies but to spend as they please and not provide for any contribution to the general revenues.

Then, Sir, I come to their recommendation, where their Roman hand comes in :

"Political interference in the affairs of the Federal Railway Authority must be avoided."

And, therefore, they add a new section to the Government of India Act ! I think one of these gentlemen wishes to be the President of the Federal Railway Authority, and that is why they say :

"In our view the President of the Railway authority should be a business man of high standing and wide experience. It is, we consider, immaterial that he should have any specialised railway experience or intimate knowledge of the peculiar conditions of India. It is more important that he should bring the whole energy of a fresh and vigorous mind to bear upon the problems which will confront the Federal Railway Authority."

I repeat this was pleading for non-Indians and probably for themselves. Then, they perpetrate a joke in their report :

"The history of the State-management of railways during the past ten years may supply a warning, as to the necessity of giving the new authority a free hand to manage its own affairs."

That is to say, everything was wrong with State-management, when they were in London, but when they were in Delhi or Simla the Railway Board was with them. Therefore, they said in the early part of the report :

"Our general survey of the Indian State-owned railways from 1924 to 1936 shows that their financial results are better than those of other comparable railway systems, whilst their operating statistics indicate that there has been a substantial advance in efficiency and economy of management since the depression began in 1930."

In short, the Railway Board here is excellent, but the State-management in London is bad. They capped all their recommendations by saying :

"As we do not expect any surplus to be available for general revenues, the Government should in future confine its interest in railways to that of a debenture holder."

Thank you very much, Sir Ralph ! I am to pay the piper and you have to call the tune. If you go *phut*, I have to pay 800 crores to find the sinking fund and the interest charges. But he wants the Government to be only in the position of a debenture holder. I have not got the time to refer to the particular passage from their report but they say that, if the railway become insolvent, the State simply say that the Federal Railway Authority experiment is a failure. But who has got to pay the 800 crores ? I hope Sir James Grigg is rather honest on this matter, and I will wait and see what he says. Then comes this :

"The Federal Railway Authority should aim at establishing themselves in a position which will enable them to raise capital in the open market."

I think even Sir James Grigg will have to be very careful now. He has got to face a big problem with 11 Provinces competing with him in the open market, and the Railway Authority will also compete with him in the open market. I think he is in a position which no Finance Member can contemplate with equanimity. The Government of India Act has provided that whenever the Federal Railway Authority wants money, either by way of revenue or capital, the Federation may provide it. I trust the Government will reject this recommendation. Then they say :

"The Railway Authority should delegate wide powers to the Railway Board."

Why not leave it to the Authority to decide this question ? Why should these gentlemen come and say : delegate powers to the Railway Board ; delegate powers to the Agents and Deputy Agents and so on ; keep a series of officers and no real responsibility anywhere ? Then, they want this Railway Authority's office to be located in Calcutta. Who asked them to make this recommendation, I want to know ? This Committee was asked to suggest economies in expenditure. But they want that the President should be one of themselves. What is the idea ? Why have they suggested Calcutta ? Because there is European business of various kinds there, and, therefore, they want it to be located there, and not in Delhi or in Simla. Finally, they say :

"We should feel bound to urge a radical reconsideration of the whole question of State-management and a fresh examination of the possibility of creating privately managed companies, with Boards of Management domiciled in India."

I object to this recommendation. It is a nefarious plot to upset the whole policy of the Government of India. 'Domiciled in India' is a misleading phrase. Section 111 of the Government of India Act says that,

[Mr. S. Satyamurti.]

even if he is domiciled only in Great Britain, he shall be presumed to be domiciled in India. Therefore, there is no use trying to deceive me by saying this.

The Honourable Sir James Grigg (Finance Member) : What a suspicious mind you have got !

Mr. S. Satyamurti : What right had they to make this recommendation ? You are a domiciled Indian for all these purposes, Sir James. You are a Statutory Indian for these purposes. That is why I object to that.

Sir, I have done. I do hope that this House will deal with this matter in a dispassionate spirit, and the only thing it can do is to recommend that this report should be thrown into the waste-paper basket. It has no other place. The country has invested full 800 crores of our money in the railways, and this is the bulk of our national debt. We were under the impression that this is a productive debt. There is now a danger of its becoming an unproductive debt. We must see to it that this Government does not accept any recommendation which will relieve the Railway Authority from the obligation which has been cast upon them by the continuous decisions of the Government of India and of the Legislature.

The second point that I want to make is this. Provincial Autonomy, you say, has been conferred. It may succeed, or it may not succeed. I do not know. But if it fails, it will fail because of the lack of adequate finance in the Provinces. Let the Honourable the Finance Member take the warning that, if this Provincial Autonomy fails, it will not be because of any other consideration, so much as of the consideration that the Government of India and the Federal Railway Authority do not play the game, and do not give the Provincial Ministers the money with which, and with which alone, they can finance those nation-building activities, on which all progress must depend.

So far as the railways are concerned, I say this Committee has done no service whatever. I will only read one paragraph :

“ On the other side of account comes the question of economies.”

That was the main purpose of reference to this Committee and what do they say ?

“ We are unable to point to any economies of any first class magnitude at present realisable.”

I think that is a glorious, but appropriate epitaph on this committee. They were asked to recommend economies, and they say they can recommend none.

Let us see that this report is put into the waste-paper basket, let us burn it and destroy it. Let the Honourable the Railway Member and the Government of India and the Honourable the Finance Member apply their mind, and their brain, to this problem. I promise Mr. Deputy President, there is room for economy.—you can cut down salaries, you can cut down expenditure, there is room for improvement of traffic, there is room for co-ordination of transport ; apply your mind to all these problems, and then you will see that these railways are made to pay their way. Otherwise, if you accept these recommendations, you will create an

imperium in imperio, get no relief to the Central or the Provincial revenues, thus retarding the progress of this country on any line whatsoever. I, therefore, ask the House to support the recommendations of the Public Accounts Committee on the Railway Enquiry Committee Report. (Applause.)

Mr. F. E. James : Mr. Deputy President, we would have preferred to have had a general discussion on the original motion of the Honourable the Commerce Member. But owing to the amendments which were tabled by my Honourable friend, Mr. Satyamurti, we were obliged to put in our own amendments to the original proposition. The Public Accounts Committee in the second paragraph of their report are of the opinion that several of the recommendations of the Wedgwood Enquiry Committee are wholly outside the terms of reference thereto. Now, without in any way decrying the excellent work of the Members of the Public Accounts Committee, I am going to suggest that their report is wholly outside the scope of that committee.

Mr. B. Das (Orissa Division : Non-Muhammadan) : Certainly not.

Mr. F. E. James : This report has in fact made it rather difficult to discuss the original proposition in the way that it should have been discussed in this House. I would remind my Honourable friend, Mr. Satyamurti, that the Public Accounts Committee is constituted for the purpose of dealing with the appropriation accounts of the Governor General in Council and the report of the Audit Officers thereon and such other matters as the Finance Department may refer to the committee.

Mr. S. Satyamurti : The Finance Department referred this to the Public Accounts Committee.

Mr. F. E. James : If they referred the matter to this committee, then I would enter a definite protest. To sit in judgment on the findings of a committee of this kind is not the function of the Public Accounts Committee. I hope when I say that, my Honourable friends who are distinguished members of that committee will not think in any way that I am trying to under-estimate the very excellent work that they have done. Of course, it is, I realise, difficult for the Public Accounts Committee to do its ordinary humdrum work within its terms of reference when one of its members is such a colourful and dynamic personality as my Honourable friend, Mr. Satyamurti. I have known Mr. Satyamurti for some years : we have been very good friends. I have known Mr. Satyamurti exercising his individual judgment ; I have known Mr. Satyamurti acting in his own discretion, sometimes indiscretion ! This is I think the first time I recognise Mr. Satyamurti-in-Council, and that really is what this report of the Public Accounts Committee is. It is a report, not of the Public Accounts Committee, but of Mr. Satyamurti-in-Council.

The amendment which we have moved to the original Resolution is in general terms and I do not wish it to be understood that it covers every possible detail of the report. We do not commit ourselves to every aspect of these recommendations. Perhaps the best thing I can do will be to go through the amendment that we have moved in the various paragraphs

[Mr. F. E. James.]

which are numbered on the order paper. I would ask the House first of all to deal with the first paragraph, paragraph (a) where we say :

"The recommendation in Chapters III, IV, V, VI, XI, and XII concerning economies, administration, statistics, improved railway facilities, and public relations is generally adopted."

There are certain points that have been raised in the Public Accounts Committee report with which we have a certain amount of sympathy. But such is the shortness of time at our disposal that it has been impossible for us to go into all these details. Most of these recommendations in these chapters deal with administration and technical matters. We suggest that speaking generally, subject to modifications under special circumstances, these recommendations should be adopted.

Then we come to paragraph (b) of our amendment and this paragraph deals with Chapter VII which concerns staff discipline and training. Here we recommend,—and I am perfectly sure that this recommendation will have the support of the rest of the House,—here we recommend that these proposals should be adopted without delay. In regard to the proposals to deal with the evil of corruption I am authorised to say that as far as our community is concerned, the railway authorities can count on every possible co-operation being given by our organisations, whether Chambers of Commerce or Trades Associations or agricultural bodies, whenever the authorities desire our co-operation in that matter.

Now, Sir, the third paragraph, that is paragraph (c) of our amendment deals with Chapters VIII and IX and this concerns very important matters relating to the measures which the railway should adopt to increase their revenues and the question of rates and charges. These are matters which, in our view, intimately affect commerce and trade and industrial and agricultural operations in this country. We ask the Government not to put any of these recommendations into effect until they have had an opportunity, in a conference with representatives from different parts of the country of these great activities, of discussing these particular recommendations.

I now come to paragraph (d) of our amendment ; the recommendations concerning Chapter X which relates to the co-ordination of road and rail transport and here I must trouble the House at some length while I deal with this matter which is of particular concern to me and my own constituency. All we ask for in this amendment is that Government should not take action on these recommendations pending consultation. Why do we ask for this ? We are asking for this, in the first place, because this problem of road-rail co-ordination is a comprehensive problem and should be dealt with as a whole and not piecemeal. Secondly, we are alarmed at the obviously railway bias of the report. After all, the report was a report issued by railway experts, and naturally their bias was towards the railway position. That is why we are particularly anxious that before these recommendations are put into effect, there should be the fullest possible consultation with Local Governments and transport and road interests concerned. Then, in the third place, Honourable Members who have studied the report, and particularly this chapter, may have realised that a great deal of the experience which is quoted is drawn from South Africa. What is the position of road-rail

co-ordination in South Africa ? Here is a statement contained in a German journal, which may be presumed to be quite impartial in the matter, in which it is said that in South Africa, generally speaking, "competition between road and rail is non-existent". I have today received a copy of a letter from a gentleman who is in very close connection with transport interests in South Africa. He writes as follows :

"Co-ordination of road and rail transport as practised in South Africa means that all the sacrifices are made by road transport which is restricted to the extent that it simply cannot effectively compete with the railways."

When I mention that in South Africa, which has a mileage of motorable roads of 173,000, there are only 32,000 odd trucks and buses, whereas in British India which has a mileage of motorable roads of 73,000 there are 35,000 odd trucks and buses, it will be seen that the restriction of road transport in South Africa has been carried to a very large extent against the road interests. That is why we are very anxious that before these recommendations are put in force there should be further consultation.

There is a fourth reason why we ask for consultation of a very definite and comprehensive character and that is this. It has come to our knowledge that already action is being taken in certain Provinces in harmony with the recommendations of the report, which are of a very one-sided character. I have had evidence placed before me recently that in the Bombay Presidency, on the Nasik road, goods lorries are being checked by the police, assisted by railway officials. They are being kept under delay, the drivers are being subjected to exactions of payment from the police, and there are all sorts of petty and irksome interferences taking place with the normal operation of these road transport services. Similarly, in Madras there has recently been a move on very much the same lines. An order has been issued authorising the Commissioner of Police or the District Superintendent of Police, if he has reason to believe that any lorry is overloaded, to withdraw the licence from the driver and to suspend it for a period of three months if he finds that in fact that lorry is overloaded. There is no adequate provision for weighing machines and one knows from experience the harassment to which that kind of order may give rise through the subordinates of the police services. These are some of the things that are happening already in some of the Provinces. I could mention many other instances but I do not want to take the time of the House as there are other speakers. My argument is this. Before this or that recommendation is put into effect, what we ask for is that there should be thorough consultation, not only with the Local Governments concerned but also with the interests intimately connected with road development and road transport. Our experience of consultation in the past has not been too happy. I have again and again, in this House, urged that important measures in this connection should have received much more consultation than they have received. A particular case in point is the Bill that was introduced in this House recently to amend the Motor Vehicles Act. I understand that that Bill has been dropped and that a new and much more comprehensive one is forthcoming. All we want is that both the Bill and the recommendations of the Wedgwood Committee report shall be placed before the Transport Advisory Council,—which means the representatives of the Local Governments,—and before the representatives of the motor trade and the road transport

[Mr. F. E. James.]

industries. This should be done, if possible, before the Bill is introduced in this House. I am perfectly sure that if that is done it will ensure a very much happier and smoother passage for one of the most important pieces of legislation which Government have undertaken in modern times.

Now, Sir, that brings me to the fifth paragraph in our particular amendment, and that is the recommendation concerning the amalgamation of railways. In Chapter XIII of the Wedgwood Enquiry Committee's report there is a recommendation that there should be no further exercise by Government of their option to take over the Company-managed lines, until the end of 1945, to give the Federal Railway Authority an opportunity of consolidating its position. We are not expressing any view on the merits or demerits of any particular form of amalgamation, but we do not agree that the question of Government exercising its option should be postponed until the year 1945. Our recommendation is that these contracts with Company-managed railways should be dealt with as and when they expire.

Now, Sir, that brings me to the last recommendation in our amendment and in some respects this concerns subjects which are perhaps the most important in the report. My Honourable friend, Mr. Satyamurti, has dealt with this, and all I should say is that they really merit an entirely separate day for discussion. It is important that the Provinces should, if possible, be aided in their programmes of nation-building services. On the other hand we hold that it is equally important both for the Provinces and the Centre that the railways should be placed upon a sound financial basis and that the stability and credit of the Centre should be maintained at as high a standard as possible. If there is no stability there it will affect the Provinces. Therefore, we shall oppose any proposal which does affect the stability and credit of the Centre by reason of the financial position of the railways. Sir, the report is not a report to be thrown into the waste-paper basket; it is a report to be studied. Many of its recommendations are recommendations that have been made by competent railway officers in this country for many years; and, because that is the case, there is no reason why it should be jettisoned. In fact the views of many authorities in this country have been reinforced by this report.

Before I sit down, I should like to pay a tribute to the staff of the railways during these difficult years. I would ask the House to listen to these figures. In the year 1936-37, i.e., the last financial year, the gross increase in revenue was 4.83 crores and in the same period the decrease in working expenses was 64 lakhs. I would ask the House to pause and realise what these figures mean. Whereas in that year there was a gross increase in revenue of nearly five crores, there has been a decrease in working expenses of nearly $\frac{1}{4}$ th of a crore. That is an achievement worthy of very great praise and I hope this House will not hesitate to pay that tribute to the staff and services of the railways who have been passing through such a difficult time.

Sir Muhammad Yakub : Cannot you include the name of the Railway Member also? Perhaps you cannot.

Mr. F. E. James : I am at a loss to understand my Honourable friend's interruption; it seems, as usual, to be entirely irrelevant. I

would ask the House to consider this amendment of the Group to which I belong. It is in general terms; it is comprehensive; it leaves many matters to be carried out by the executive. It places a definite restriction upon Government in carrying out matters of important policy until further consultation has been achieved in various ways; and I think it is an amendment which should commend itself to all sections of the House. We are not able to accept Mr. Satyamurti's proposal because that deals only with particular aspects of the Railway report; and, although it comes from the Public Accounts Committee, it deals more particularly with the somewhat racial aspects of that report. But our amendment, on the other hand, leaves ample scope for development in the future and does place a check upon the authorities in carrying out those recommendations of the Report which deal with policies and on which we lay great stress, and I hope, Sir, that the House will accept our own amendment.

Mr. Lalchand Navalrai : Sir, I must at the very outset say.....

The Honourable Sir Saiyid Sultan Ahmad : On a point of order, Sir. The amendment of Pandit Nilakantha Das is still there, and unless he wants to speak.....

Mr. Deputy President (Mr. Akhil Chandra Datta) : Unfortunately before the Honourable Member stood up, I called Mr. Lalchand Navalrai.

The Honourable Sir Saiyid Sultan Ahmad : I am prepared to speak now.....

Mr. Deputy President (Mr. Akhil Chandra Datta) : The Honourable Member will have the next chance.

Mr. Lalchand Navalrai : Sir, I must at the very outset say, that we are at a disadvantage on account of the procedure under which this debate is carried on. When a motion of this character was brought forward, I expected that the Mover of the motion would express his own views in the first instance on such an important matter as this.....

The Honourable Sir Saiyid Sultan Ahmad : I am very anxious to place before the House the views of the Government at the earliest opportunity and if my Honourable friend will allow me to do so, I would be very pleased.

Mr. Lalchand Navalrai : I understood at the beginning that it was arranged that we should speak first and then you would reply.

The Honourable Sir Saiyid Sultan Ahmad : No, no.

Mr. M. S. Aney : Sir, when this question was raised in the morning, we were given to understand by the Honourable the President that according to certain arrangement the Resolution was merely to be moved without any speech by the Government Member, and that Honourable Members were to move their amendments and also without their speeches. On account of the alleged arrangement, the amendments were also to be moved without speeches, and when these were moved in this manner a general debate was to take place. In fact, that was a very inconvenient arrangement, but as the arrangement was made, one did not like to take objection to the procedure suggested. But, Sir, it is certainly unfair to the House that the Government Member should remain silent without giving the House any inkling of his own view on this Report. We are here to give advice to the Government after knowing what their

[Mr. M. S. Aney.]

intentions are in the matter. That we should advise the Government without knowing Government's own view on the matter means that they are placing us in a very awkward position. However, since the arrangement was suggested, we accepted it, and if the Government Member really wanted to make a speech, he should have said so when he rose to make his motion.

Mr. Deputy President (Mr. Akhil Chandra Datta) : So far as the point of order raised by Mr. Aney is concerned, I think in all fairness it should have been raised when that arrangement was announced. I don't think there will be any difficulty in the matter. As soon as Mr. Lalchand Navalrai resumes his seat, I shall call upon Pandit Nilakantha Das to make his speech if he chooses to do so.

Mr. Bhulabhai J. Desai : May I say, Sir, a word of explanation ? As soon as the three Movers of the amendments had stated what they had to say, I understood that the Honourable Member in charge would then state the views of the Government as regards the different provisions ; it might have been an error of judgment.....

Mr. Lalchand Navalrai : Sir, I must make it clear that I never intended to make a personal grievance against the Railway Member, but I must repeat that we are at a disadvantage to place our views on the subject before the Railway Member has done so. This Report has come through the Public Accounts Committee, and, therefore, there was the opinion of the Public Accounts Committee before the Government, and it would have been only fair that there should have been some answer furnished or some arguments advanced to convince us that the Report is right. I thought the Honourable the Railway Member would himself feel that this would have been the proper procedure. I am sure he will excuse me when I say this.....

The Honourable Sir Saiyid Sultan Ahmad : Sir, I protest against this. I have been telling the House that I was quite prepared to make a speech before my friend made his, and he is now complaining that I did not get up and speak in time.

Mr. S. Satyamurti : Why not speak on the merits of the question ?

Mr. Lalchand Navalrai : Sir, I never intended to cast any aspersions on my Honourable and learned friend ; on the contrary, I feel well of him, because I feel that he has made a good beginning.....

Mr. S. Satyamurti : Then give him a chance to speak.

Mr. Lalchand Navalrai : But though I do not want to flatter him, I think he has already shown himself worthy of the honour, but we have to see how he does in the future.

I shall now come to the speech made by my friend, Mr. James. I have a regard for Mr. James and also for his legal acumen. But today when he said that this matter was not within the purview of the Public Accounts Committee, I was tempted to tell him that he should have thought over the question again before expressing his view. The functions of the Public Accounts Committee are known to all. I am sure he has worked in that Committee also. One of the functions of that Committee is to see that the money which is budgeted or which is given to the Government to spend is properly spent and properly accounted for.....

Mr. F. E. James : After audit.

Mr. Lalchand Navalrai : Anyway, I find that the reference to the Expert Committee was to examine the position of the Indian State-owned Railways and to suggest such measures as may, otherwise, than at the expense of the general Budget. If the Committee has been appointed to go into certain methods to find out how the income should be increased, or how it should be spent, and if the Public Accounts Committee scrutinises the recommendations of the Committee, to say that the Committee should have no voice at this very early stage and that it is not within their province to do so is wrong. It is surely within their jurisdiction. Coming to the point whether this report should be accepted or not, I submit, firstly, that this is a report of certain so-called experts who have been imported from outside to come and make a report. They are persons who have no knowledge of Indian conditions and they themselves admit it in the first page of their report, where they say :

" The Committee, who had no previous knowledge of Indian conditions, were accompanied during their tour round India by Sir Raghavendra Rau....."

Therefore, we have before us a report of persons who had no previous knowledge of Indian conditions. The officers who accompanied them were not associated with them as Judges, but these three men were the Judges. The officers who accompanied them could only give a biased account because they were the very persons who had been carrying on the administration which was to be tested. Where were the persons to put the other side of the case ? Therefore, I submit that those officers were mere witnesses, but the Judges were those three men who came from outside. If some Indians had been added to the Committee as real members, there would have been a better report. I must say that a better report at much less expense could have been made if men had been selected from the Railway Department and others—I do not mean to say that the Judges should have been had from the Judicial Department. My submission, therefore, is, that the report inspires no confidence in us.

There are many circumstances which I can show to the House in order to prove that this report is not acceptable. In the first place, the Committee have not produced any facts or figures to support their comparison method but accept what is said to be going on here in India as being correct. For instance, they compare the wages and they say, after considering the wages here and elsewhere, that the wages that are paid there are not on a high level. But they have not produced any facts or figures as between United Kingdom and other foreign countries. A gang-man here in India starts on Rs. 13 and goes up to Rs. 16, whereas one in England gets £4 to 5, that is to say, equal to Rs. 55. Yet, they have made a recommendation that the pay of the higher officers who are at the top should not be touched. But with regard to the subordinates, they say, let the matter be considered further to see if retrenchment can be made. Is that fair ? Is that a report which the House would accept ? Then the very sad feature of this report is the racial aspect of it.

Mr. Deputy President (Mr. Akhil Chandra Datta) : Order, order.

3 P.M. Although there is technically no time limit, still to have a proper debate, may I appeal to the Honourable Member who is now in possession of the House to conclude his speech now, especially in view of the fact that the Leader of his Party had accepted

[Mr. Deputy President.]

that arrangement. I am not giving a ruling, I am only appealing to him.

Mr. Lalchand Navalrai : I accept that arrangement, I respect the view of my Leader. May I know how much more time I have ?

Some Honourable Members : You have finished your time.

Mr. Lalchand Navalrai : I will try and finish very soon. I do not think I have taken more than fifteen minutes. This racial leaning is contained at pages 29, 38, 30 and 45 of the report.

Then, Sir, I do not agree with them as regards the divisional system. Public opinion has pointed out for a long time that it is a ruinous system of administration. There are too many officers and it is not economical at all. Then we know how the selection boards are working and how nepotism and partiality prevail there. We have discussed this question several times in this House. I would submit that this report is such that it should not be accepted but I do agree with Mr. James with regard to one chapter being accepted, with regard to incivility among the railway staff, including some of the higher officers towards the travelling public. There is so much of dishonesty and incivility that Government should take action at once. Recently a case happened in Karachi, where a very respectable man was insulted, with the result that the man had to go to Court against the Group Inspector and ticket collectors. The magistrate made some very strong remarks against those officers. So far as this is concerned, I hope the Honourable the Railway Member will take up the matter at once. With these remarks, I resume my seat.

Pandit Nilakantha Das : I understand the House is impatient to hear my Honourable friend, Sir Sultan Ahmad, as soon as possible and many perhaps expect that he will end his speech by saying that he has nothing to do with this report. It is really a horribly useless mass of printed matter and we have been subjected to the punishment of going through it from the beginning to the end. Not only it is useless and as has been described by my friend and Deputy Leader, Mr. Satyamurti, it appears to be a device to create a situation to put the Indian railway business perpetually under the tutelage of English industry and English talent. There is in fact nothing else in this report. While the authors yet appear to be impartial and point out certain defects, it is surprising that they almost at every step recommend that talent and experience from Great Britain should be imported. What do they mean ? What does this Government mean ? Are they not really ashamed of placing such recommendations before this House ? This English Government has been going on for over seven generations in this land and this railway business has been going on for four generations. Do they consider that India is full of men of the Neolithic or Paleolithic age or even orangoutangs for whom they are here to perpetually create favourable environments for geological ages, so that these primitive creatures may progressively evolve into men ? What do they mean ? It is really exasperating to read that English talent should be imported for our business !

Of what use has been English talent so long ? In spite of four generations of English talent, there is corruption and incivility everywhere. Your Agents and Mechanical Engineers were and still are all

Englishmen. From the evidence of the Tata Company before the Tariff Board, I can prove that the Jhelum bridge was planned in such a way that the sections could not be made by Tatas. Of course the sections could have been changed a little. The Tariff Board admitted that it was wrong. You have got technical experts and there are recommendations that more men should be imported from outside and from Great Britain. Even for advertisement and propaganda you want men from outside. I have read the whole report and though at places they may appear to be impartial they are no better than the man who planned the Jhelum bridge.

I fear that Government do not mean business, do not mean what they profess. That is why I have put in this amendment in clear and constructive terms. My amendment is the most effective amendment. In a word it means : be economical by simply eliminating waste, and make the business Indian both in spirit and form. Corruption will go. Incivility will vanish. Let our people feel that the business is really ours. I do not want to go into my amendment item by item because that will take much time. It is self-explanatory.

But to bring out my points more cogently I shall draw your attention to certain remarks of this Committee to show how things are going on even today. I know there is nothing peculiar or important in their suggestions or remarks. There is my Honourable friend, Sir Sultan Ahmad, an unadulterated lawyer of a city and I am here in the words of my friend, Mr. Sri Prakasa, a simple, honest villager. I think if both of us sit for a couple of days in one of these Committee rooms of this Chamber, we can draft a much better report than this with the information already in his possession. What is new there in this report ? Still they have said :

" Every capital scheme has to be justified and should be limited by reference to the narrow resources of the country and not by the practice of richer or more rapidly progressing countries. We cannot help feeling that, in the past fifteen years, stations, workshops and marshalling yards have often been built to be the last word in railway technique rather than on a careful calculation of probable requirements, and that prestige has perhaps counted for more than prudence. It is the worst feature of such overgrown schemes that they continue to burden the railways with excessive costs of maintenance and operation quite apart from the excessive interest charge involved. We have felt that there is perhaps something of the same lack of proportion in the importance attached to the improvement of the amenities of first class accommodation in a country where about 92 per cent. of the passenger revenues come from the lower class traveller." (Report, page 43.)

What is being done even after the consideration of this report ? Apart from the air-conditioned coaches which were undertaken last year, in this year's programme the Railway Finance Committee have passed 15 higher class coaches for the North Western Railway.

The Committee have said that ten per cent. net profit should be the basis of all capital outlay. If it is not so on calculation no capital expenditure in future should be undertaken. Now, what are these foreign technical men, foreign Agents, and others doing ? In the name of development we are going to spend ten crores on a new line in Sind and the calculated income is .5 per cent. I refer to the proposals contained in the Railway Finance Committee Proceedings, (Volume XIV, No. 1, page 3). The Railway Board suggest that the Sind Government should guarantee three per cent. outturn. But this Railway Enquiry Committee says that the minimum outturn should be ten per cent. of the capital outlay.

[Pandit Nilakantha Das.]

Then, let me refer to purchases. We are always pressing in this House that purchases should be centralised and it is for this purpose that on the recommendation of the Industrial Commission when the so-called Reforms of 1920 began that we started the Indian Stores Department. There also we are having the same progressive expansion as we are having towards the self-government. Now, what is the position? The Industrial Commission's main purpose was that it should be centralised but it has not yet been realised. This Committee also definitely recommends that purchases should be centralised in the Indian Stores Department. But our foreign Agents, mechanical engineers and all men who are expert in railway business still find a loophole and they tell us: "Oh, there are Company-managed railways and they cannot be compelled to purchase through the Indian Stores Department because there is the contract in the way." If there are such contracts with any Company-managed Railways, then those contracts are not only against public policy, but against business morality, and should be considered void. Or such managements should be purchased at once and at any cost. But instead of that, it is being proposed that they should not be touched and perhaps more State-managed Railways will also be given to the Companies. Perhaps that is the proposal of this Committee, I do not say this proposal is recommended in so many words. But that seems to be the intention. At least existing Company-managements should not be touched till 1945, whereas it is these Companies which have created this situation in this country, by their waste, squandering and robbing the Indian taxpayer.

Regarding these purchases again, I shall give you one instance. There is one item in the railway purchase that is called 'Advance grant for general purposes stores'. I refer to page 5 of Volume XIV, No. 1 of the Railway Finance Committee's report of this year. This advance purchase is to be generally purchased from England and all the purchases are to come from outside India. Order for this purchase is given in advance of two years or at least a year and a half. During the year 1929 or 1930 this was placed before the Committee. It was then 80 lakhs. But objection was raised as to whether these things can be purchased in India. Then it was said that the Assembly had passed that this sum should go to England without further scrutiny. But it was scrutinised and the allotment was substantially reduced. The reduced sum was about 45 lakhs. Now, our purchases have been reduced as we have no money to be very lavish in new undertakings. Our stores purchases item which was then roughly twenty crores has come down to about ten crores. But this item of unscrutinised English purchases last year was 110 lakhs. I asked why the amount had been increased to such a sum and we demanded that a list of articles of these purchases should be given so that we may be able to scrutinise whether the requirements can be made available in India. That was promised but the money went to England. Then, this year the amount came to Rs. 125 lakhs and we had a memorandum. The memorandum is printed in the Proceedings of the Railway Finance Committee (Volume XIV, No. 1, pages 6 and 7), and it shows that even articles like lavatory fittings, roof tanks, hoses, rubber and canvas, belting, flax canvas; Indian Railway seats, cushions and pads and twine; crockery and cutlery; paint, varnish, enamel, paint brushes; waterproof capes and caps, etc., which can either be readily purchased or can be very easily made available in India were not purchased here. I daresay if proper

scrutiny is made more than half of this money can immediately be devoted to Indian purchases of articles readily available, and then with the rest many small industries can either be encouraged or made to come into being. But no; we are to give all this money of Rs. 125 lakhs with our eyes closed and this is how England's talent in business is managing. I do not think my Honourable friend over there is responsible for all this. He deals with papers. He will see in the papers that these things cannot be purchased in India, and like a lawyer he will put his case before us. In the face of all this you say that you would bring people from England to set them over our heads to rob us perpetually in an atmosphere of corruption and incivility to our people, and to create a permanent situation when experts from abroad will come and say: "Oh, you can live only when you bring people from England".

In their proposals for economy the committee indulge in speculative results of some more initial expenditure which has been proposed.

Mr. Deputy President (Mr. Akhil Chandra Datta) : May I appeal to the Honourable Member to finish now?

Pandit Nilkantha Das : I will finish in a minute. I never take undue time. Even my Honourable friends of the European Group could not find materials in the Report to give an amendment more than in general terms. Their amendment means some speculative arrangement for further expenditure and some items of agenda for further committees and conferences. From this I propose that my amendment should be very sincerely taken and accepted. The whole administration should be Indianised, foreign purchase should be reduced to irreducible minimum and all purchases should be made through the Indian Stores Department and if there is want of Indians, you should train them at once for all jobs required. If there are any things which could be made in India, you must get them manufactured in India. Even locomotives should be made in India. We have special factories for repairs and for making other stocks. I can demonstrate to you very effectively that broad gauge locomotives could be manufactured in India. But I have no time to deal with this in great detail. You have got 5,300 locomotives today, and the life of a locomotive in ordinary use is 35 years. Now you are having intensive use of the locomotives. Say, the life will now be 25 years. Then, ordinarily you are expected to require a little over 200 B. G. locomotives every year. If the trade looks up and business improves and there are new capital undertakings, then you require much more. You must gradually train Indians and according to this plan you can man the entire department with Indians within three years. Then corruption will go, the road problem will be put in its proper place and the people should feel that the railways are their own property and their own business. I hope with this outlook and judged by this criterion my amendment will be accepted by the House.

The Honourable Sir Saiyid Sultan Ahmad : Sir, it will take a few minutes to get over the hilarity created by the last speaker, but I will try to be as short as possible. At the same time the report is so important and the discussions on it have been so very constructive and useful that it will not be proper for me to ignore any criticism of a major character which has been levelled on the floor of the House. Sir,

[Sir Saiyid Sultan Ahmad.]

I heartily welcome this early and fairly full discussion on the Railway Enquiry Committee report which I do know had been exercising the minds of a large section of Indian public opinion in this country since it was published. The more so, because I think it is time that some pronouncement on behalf of the Government should be made upon it. I feel happy that it has given me the opportunity on behalf of the Government to express their views, at any rate, on some of the most important findings of the committee. But, before I do so, I should like to make a few preliminary observations and the first that I should like to make is, in spite of what has been said by my Honourable friend, Mr. Satyamurti, to pay my tribute to the committee who, at great inconvenience to themselves, came over to this country and tried their best to come to some salient conclusions and make recommendations. I do not agree that the report is one which should be thrown into the waste-paper basket and I hope the House will share with me, if for nothing else, as a matter of Indian courtesy for which we are famous, the debt of gratitude which we owe to them.

Some Honourable Members : Oh ! Oh !

The Honourable Sir Saiyid Sultan Ahmad : We are grateful to them for the work they have done. Sir, the House is aware that the railways in India are extremely big concerns and require most careful and technical and financial handling. I concede that expert's advice is extremely necessary and valuable, but it must also be conceded that as railways exist to serve the public, the public at large are also entitled to have their view points considered. (Hear, hear.) I suggest that unless the administration and the public co-operate with each other no railways in the world can be a success, commercially or otherwise, and, therefore, it would not be detracting from the value of the report itself, which in my opinion is high, if the Government accepted the public point of view or allowed their own policy to prevail against some of their recommendations. I again repeat, and I hope it will be accepted by the House, that Sir Ralph Wedgwood and his colleagues are entitled to our warmest thanks and gratitude.

Sir, coming nearer home, there is another body who is entitled to our appreciation, and that I say in spite of what my Honourable friend, Mr. James, said, and that is the Public Accounts Committee. (Hear, hear.) In their report on the railways they have devoted a good deal of their time to the consideration of this report. Whether they had jurisdiction or not, it is immaterial to me. Government always consider and always welcome well-thought out and well-considered opinions and even where we disagree from them we do so after giving fullest weight to their opinions and only when in the discharge of our responsibilities we feel that we must come to a different conclusion.

I have also listened to the debate today and to the speeches of my Honourable friends with greatest interest and I am sure Honourable Members in this House will have realised that it is exceedingly difficult, almost impossible, for the Government to come to definite conclusions upon all the points that have been raised either in the report of the

Railway Enquiry Committee or in the Public Accounts Committee report or in the suggestions that have been made on the floor of the House.

Having paid these compliments which are fully deserved, may I be permitted, Sir, to refer the House to a paragraph in the report which has also been used by the Public Accounts Committee in their recommendations to us and in the amendments moved ? They say in paragraph 22 :

" Our general survey of the Indian State-owned railways from 1924 to 1936 shows that their financial results are better than those of other comparable railway systems, whilst their operating statistics indicate that there has been a substantial advance in efficiency and economy of management since the depression began in 1930."

My Honourable friend, Mr. Satyamurti, used this paragraph to resist a recommendation of the Committee, but I think and suggest that these remarks have really a different but significant meaning. They carry with them a most handsome compliment to those who are at the head of the different railway administrations and to the Railway Board whose vigilance, guidance and supervision have brought about this well-deserved encomium.

Sir, I will now proceed to deal with some of the important recommendations and I will bear in mind the criticisms of the report by my Honourable friend, Mr. Satyamurti, by my Honourable friend, Mr. James, and my Honourable friend, Pandit Nilakantha Das, and I propose, as I said before, only to deal with some of the major and important points. I must also say that the conclusions that I have arrived at on these important matters are *after consultation and in full agreement with the Railway Board*. I will take up these issues one by one.

The Railway Inquiry Committee, while recommending the strengthening the commercial side of the railways,—a recommendation with which we all agree,—proposed the appointment of a commercial manager and a commercial staff on all the railways and they suggested that such a man should be imported, in the first instance, and active steps taken to train others to work under their guidance who may be able to take their places in future. Sir, Government have given the fullest consideration to this important question and while we feel that new additional posts for the development of commercial departments of railways will inevitably be necessary, Government are definitely of opinion that the necessity of importing people from outside for this purpose does not exist at all. (Applause.) We are satisfied that the object which the Railway Inquiry Committee had in view can best be fulfilled by appointing suitable recruits from India who will be in touch with commercial and trading interests. Experiments already made on some of the railways in India have been attended with conspicuous success.

Sir, the Inquiry Committee have made certain recommendations in connection with the subordinate supervisory technical establishments and the gazetted posts in the mechanical engineering department. This was a subject matter on which my Honourable friend, Mr. Satyamurti, dwelt at length. The remarks I have made in connection with the commercial staff and the commercial manager hold equally good in their cases. (Applause.) And I again like to assure the House that no recruitment in

[Sir Saiyid Sultan Ahmad.]

these posts and those I have already referred to will be made from abroad until Government are convinced that suitable recruits cannot be obtained in this country.

Sir, the Inquiry Committee have recommended the appointment of a Press Liaison Officer with adequate staff to constitute what may be a railway information office, and the committee recommended the appointment of a young and enterprising British journalist to take over the task of organising this office of the Railway Board. Here again Government are fully satisfied that many a young and enterprising Indian journalist, fully capable of organising an office of this kind, can easily be found. (Applause.)

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

Sir, the Committee recommend that the statistical officer should be reinstated in the Railway Board's office. After giving my fullest consideration to this question, I have come to the conclusion that it is a necessity. The statistical department of the railway will be a technical department in which the experience of railway statistics is absolutely essential. Having satisfied myself on that point I have come to the conclusion that an officer of this kind is an absolute necessity. I have also come to the conclusion that we should try to find a suitable person for this purpose in India. But if one is not to be found here we will purely as a temporary measure, say for two years, bring out someone from outside who will not only organise this office but will also train some young men to take his place soon after he goes. I, however, again repeat that I want it to be clearly understood that if he is imported at all, it will be only as a temporary measure.

Sir, the Railway Inquiry Committee have made certain recommendations with respect to the need for adequate depreciation and reserve funds, and suggested that railways should no longer be looked to as a possible source of revenue for the relief of general taxation. It is a very important question and may have far-reaching consequences. While there can be no doubt that on the basis of railways in this country being strictly commercial concerns much could be urged in favour of the view taken by the committee, on the other hand there may be other equally serious considerations which cannot be overlooked when dealing with the surplus profits of the railways. It is, however, impossible, and I hope Honourable Members of the House will appreciate it, for Government to come to a final decision without giving the fullest consideration to all the implications involved. But I want to make a pronouncement on behalf of Government, with all the responsibility that I can command. I would like to say without the slightest hesitation that whatever may be the final decision of Government in regard to the disposal of any railway surpluses that may accrue, the amounts payable to the Provinces under the Niemeyer report will be fully met and pledges made in it strictly honoured. Government are anxious that any misapprehension and uneasiness that there may exist on this matter should be completely removed. Government are fully aware of the anxiety with which the Provinces look to the Centre for assistance, and I do hope

that this statement by me on the floor of the House will ease their minds and the apprehensions in the public mind will be completely removed.

Sir, while I am on this point, I should like to express my great gratification, a gratification which I am sure the House will also share with me at the encouraging railway financial position at present and in the immediate past. The gross traffic receipts for 1936-37 were 95.48 crores as against 90.65 for the previous year, showing thus an increase of 4.83 crores. This was also mentioned in passing by Mr. James in the course of his observations. In spite of this increase in gross earnings, there was a decrease in working expenses of 64 lakhs. The working expenses were 50.23 crores against 50.87 crores in the previous year. Taking into consideration also the miscellaneous receipts and charges, the net revenue was 32.01 crores against 27.40 in the previous year, that is, an increase of 4.61 crores. The net surplus, after meeting the interest charges, was thus 1.20 crores against a deficit in the previous year of 3.99 crores, that is, the betterment in the net position was 5.19 crores. In regard to the present year, though the permanent Railway Member, Sir Zafrullah Khan, anticipated a surplus of 15 lakhs only in the year 1937-38, it is my privilege to announce that the increase in the gross earnings within the last five months over the corresponding period of last year is two crores and 60 lakhs. I do hope, Sir, that the House, when considering the question of what is being done by the Railway Administrations in India, will remember how the expenditure has been cut down and the earnings are growing.

I now turn to another important question, and that is the Rail-Road competition. The present position is that a comprehensive review of the law relating to road transport has been prepared in the Department of Industries and Labour, and two officers of that department are at present on tour discussing the draft with Provincial Governments. On their return the whole matter will be further examined by the Government of India, and it is hoped that a Bill will be introduced in the cold weather Session at Delhi. Before this, the Bill will be referred to the Transport Advisory Council. The Honourable the Member for Industries and Labour has authorised me to state that he is prepared to give the fullest opportunity to the representatives of the transport interests to represent their point of view to him. He is, however, of opinion that the joint meeting of the Transport Advisory Council and the interests of the trade, as was suggested by Mr. James in his speech, is of doubtful practicability, and in regard to it, therefore, I am not in a position to give an undertaking on behalf of the Government.

Sir, three or four very crucial and important issues have been raised by the Railway Inquiry Committee in their Report, that is, in regard to short options and amalgamation of Railways, the question whether the State Railways should become Company-managed Railways or the Company-managed Railways should become State-owned. They are undoubtedly very important questions and really raise new issues. I would only like to assure the House that the previous statements of policy made by the Government of India outside this House and also on the floor of the House will be fully borne in mind when considering these questions. The whole matter will be given the most careful consideration.

[27th Aug. 1937.]

[Sir Saiyid Sultan Ahmad.]

tion, and, if any departure from the previous policy is ever contemplated, it will not be given effect to without the fullest opportunity being given to the Legislature to consider the same. (Applause from Congress Party Benches.)

Sir, a suggestion has been made by Mr. James that the recommendations of the Committee in Chapters VIII and IX regarding measures to increase revenue and rates and charges should be postponed pending the result of a conference to be arranged between the railway authorities and the representatives of Commerce, Industry, Trade and Agriculture. I have at present no carefully prepared or concrete scheme to give effect to this suggestion, but Government shall give it their most serious consideration, and hope to be able to give effect to it in some form or another.

I should like now to deal with some of the important points raised by my friend, Pandit Nilakantha Das. I may inform him that our statistics in regard to the rolling stock show a marked improvement over the past ten years as do the figures for the cost of repairs. He himself is a member of the Standing Finance Committee, and will have every opportunity of scrutinising any proposals for fresh objects.

So far as workshops are concerned, the Railway Board have at present under consideration the concentration of specialised work in big workshops.

I have now to refer to a criticism in regard to extravagant capital expenditure which he has mentioned in his amendment. I admit the justice of the criticism, but I feel that this House cannot be divorced from its responsibility for it as they themselves, I understand in 1925, approved a five-year programme costing 150 crores. I must, however, draw attention to the fact that between 1931-32 and 1936-37, our last financial year, the capital at charge on railways increased only by six crores, and I assure the House that proposals for capital expenditure for the future will receive the most careful scrutiny. It is a pleasure to me to state that the Financial Commissioner at present is my Honourable friend, Mr. Staig, and he seems to be a hard nut to crack. (Laughter.) I have never claimed to be an economist, but I am glad that there is a Scotch in the office. (Laughter.) I can assure you that if the hard nut will ever crack, it will crack after having cut down the demand for expenditure by at least a few lakhs, and if he forgets to do what his country has taught him, my Honourable friend, the Finance Member will never allow the opportunity to lapse. Whether the expenditure is to be incurred on the north, south, east, or west, or north-west of India, whether it is in pursuit of a mendicant who is flying away or whether it is for the replacement of bad and defective locomotives the Finance Member has got a very vigilant eye. (At this stage Pandit Nilakantha Das interrupted.) Please let me go on.

Our present stores purchase policy is generally in accordance with the views of the Committee. Each year railways are purchasing more of their requirements through the Indian Stores Department, and wherever possible, preference is given to the purchase of indigenous

materials; in fact, on various occasions a reasonable price preference is given in favour of Indian manufacturers. (At this stage Pandit Nilakantha Das interrupted.) I must ignore my Honourable friend's interruption.

The Railway Board are examining the most suitable methods of extending the research work already being done by the research organisations of the Indian Stores Department and the Central Standards Office of the Railway Board. These are in closest co-operation.

My Honourable friend, Pandit Nilakantha Das, concluded the support of his amendment by a reference to the training of Indians both in India and abroad to ensure efficient management. I need perhaps allude only in this connection to our special scheme for training Mechanical Apprentices for officers' posts at Jamalpur. They have a four years' training there and are then sent to England at the expense of the Government for a couple of years. In regard to other aspects of railway work, experience has not yet proved that special arrangements for training are necessary. My personal feeling is that there is plenty of material already available in India for such work without arrangements being made for special training. In regard to subordinates most railways offer facilities for practical and theoretical training by the taking of apprentices in their mechanical workshops. We are, however, considering extending this system.

In view of the facts I have stated above and on the inadequate consideration I have been able to give to it, as at present
P.M. advised, I am inclined to deprecate my Honourable friend's suggestion for a three years planned programme. So far as it relates to expenditure, he, as a member of the Standing Finance Committee, will have the fullest opportunity of examining any proposals that may be made, and equally this House has the fullest opportunity of scrutinising them at the time of the presentation of the Railway estimates.

Sir, I do not want to detain the House any longer. I do not claim that I have dealt with all the remarks which are to be found in the Report of the Public Accounts Committee or with all the remarks which have been made on the floor of the House. I have taken the most important criticisms which have been made and on which decisions could be taken, but there are a mass of extremely useful recommendations made by the Wedgwood Committee in their Report and also a number of criticisms on the same made by the Honourable Members who have preceded me. These will be considered in due course and it has been a great advantage to Government to have got all that could be said in favour of or against the proposals. I will only conclude my remarks by impressing upon the House that the Government of India are not only anxious to make the State-owned Railways in India a financial success but that they are determined to make them in efficiency and economy of management, discipline and treatment of the people whom they serve, far better, not only better, but far better "than those of any other comparable railway systems in the world". The Government of India are further anxious that the railways, consistently with high standard

[Sir Saiyid Sultan Ahmad.]

of efficiency, should continue to recruit and train Indians in various departments and activities of the railways, so that in times to come they may be able to attain the highest places of trust, control and responsibility. (Applause.)

Dr. Ziauddin Ahmad : I desire to congratulate the Honourable the Railway Member for the lucid speech that he has just delivered. He has removed most of the apprehensions which we on the opposition side had in our mind. But there is one point, however, about which I am not quite clear. My Honourable friend said unequivocally that the Niemeyer's award will be observed, that the grants promised to the Provincial Governments will be given. But he did not say anything about the Convention of 1924, whether it will or will not be observed. That is a point which probably has not come before the Government of India for decision.

Now, coming to my Honourable friend, Mr. James' remarks about the Public Accounts Committee. I quite agree with him that it was not the function of the Public Accounts Committee to review the Report of the Wedgwood Committee, but the Public Accounts Committee is not to blame for that. May I just remind my friend that on the 3rd February, 1937, I asked the Government whether "the question of fixation of rates comes within the terms of reference of the Committee", and the Government replied that "the terms of reference are almost exactly those which were laid down by the Public Accounts Committee", and then they said "that the committee had been left to interpret them in any manner they choose". This shows that this committee was appointed under the direction of the Public Accounts Committee and, therefore, it was not wrong for this Committee also to review the work of the Railway Inquiry Committee. The blame does not rest with the Public Accounts Committee but with the Government who carried on the instructions of the Public Accounts Committee in this way. Sir, we are on the eve of momentous changes in our railway administration, changes much more important than we had to face after the war in the year 1920. The lead given by the Acworth Committee was exceedingly valuable to the Indian administration. They settled few important questions about the railway administration; the separation of the railway accounts from the general accounts, the direct administration of the railways, giving more opportunities to the public to take interest in the administration of railways and the last was the creation of the Department of Communications. Now, we expected similar lead from this committee but, unfortunately, the committee did not deal with important problems which are facing us today. The report indicated only statistical knowledge of the railways in the United States, thorough knowledge of the day to day administration of the United Kingdom and still more thorough knowledge of the administration of the Indian Railways but they indicated no knowledge of the working of the railways in other countries. It was pointed out by one of the speakers and admitted in the report itself that the conditions in the United Kingdom and also in the United States are very different from India. They have got enormous resources to fall back upon which we in India do not possess. Therefore, the conditions in other countries were really much more favourable to us than the conditions in these two very important countries and, unfortunately, there was no comparison in connection with this matter. Now,

I come to the financial recommendations. The first thing I take is the depreciation fund. I had been pressing on the floor of this House for the last three years that the amount which we set aside for the depreciation fund is excessive. The figure of 1/60th of the capital at charge might have been arrived at in consultation with the Auditor General and the railway authorities but looking into the affairs and finances of other countries, it is not justifiable. We ought to take the working expenses on repairs, maintenance and replacement during the last ten years and we should find out the average from these figures and set apart this amount for maintenance and so on. We budget at present 13½ crores under the depreciation fund and our expenditure in the maintenance and repairs will be in the neighbourhood of ten crores. The amount we credit to depreciation fund is so great that we have two working ratios one with and the other without depreciation fund. One working ratio at present is 54.9 and the other with the depreciation fund which is 69.5. That is about 15 per cent. higher. Now, I ask the Railway Member and others interested in the railways to examine the figures of other countries. They have all got only one working ratio. There is no depreciation fund in this matter. I consulted *Statistique generale de Chemins de fer de Monde* where the statistics are given of all the railways in the world, I did not find two working ratios. Therefore, this figure of depreciation which is set aside is very large and this is ultimately intended to reduce the quantum of the profit in order that they may avoid the payment of their obligation to general revenue of one per cent. of the capital at charge.

Now, the next point I take up is the question whether the railway authority like Provincial Governments should be allowed to borrow money direct from the public. I think that this analogy of the Provincial Governments is not complete. The Provincial Governments are really responsible to the people of the Province. They have got a strong opposition party and their action can be exposed. The Railway Authority can take shelter under the statutory power given to them by Parliament and no criticisms can be levelled against them. Therefore, the case is not exactly parallel. Besides the previous records of Railway administration are not good. By creating a statutory authority we have effected slight change. Instead of the Executive Council, we substitute the Railway Authority, and instead of the Member in charge, we substitute the President. Otherwise the personnel will remain the same. Simply by making this change you cannot, like the Aladdin's lamp, change the whole character of the railways. They have been spending money right and left since 1924. They started a large number of unprofitable concerns like the railway stations at Cawnpore and Lucknow. We have the example of the Kangra Valley project and the Kalyan Power House, where actual expenditure was several times the estimates. There is the unhealthy competition of the two railways in Bombay. They purchased heavy engines without considering whether the track was suitable for them or not. I, therefore, oppose the recommendation that statutory authority should have power to borrow independently in open market.

The next point I take up is the question of financial obligations. Now, here the denial of the one per cent. at charge is the negation of our convention of 1924, which requires very serious consideration. We were told on the floor of the House that the Niemeyer's award will not be affected

[Dr. Ziauddin Ahmad.]

but if we don't get any contribution from the railways, the burden will fall on the taxpayers of India. I, however, welcome only one recommendation of theirs and that is the establishment of the equalization fund and I agree with my friend, Mr. Satyamurti, that it should not be utilised for amortization purposes and should be used only to pay interest charges in times of adversity.

Coming to the administrative side, I am glad that the committee have pointed out that the work done by the staff during the days of adversity was exceedingly good. They praised them and said that in spite of the depression the working ratio on Indian Railways was much better than the working ratios in other countries. In view of this, I think they should not bring men from outside but carry on the work and we are relieved by the assurance given to us by the Railway Member that in these new appointments preference will always be given to men who have already done good service in this country. This is not all.

"The Committee further recommends that the Government should wash off all responsibilities from the railway administration. The Committee highly deprecates administrative interference."

This is their recommendation on page 131. They say that :

"Under the new conditions it is of the first importance that the Government should limit its interest to that of a debenture-holder. . . . The way would thus be clear to the establishment of the Federal Railway Authority on a self-supporting basis, provided it is able to pay the full amount of the interest due to the Central Government on the capital at charge."

Later on they say :

"The Government would not be denied the right of a debenture-holder to appoint a receiver in case the interest is not paid."

This is really the position in which the Government will find itself. If we picture in our mind the kind of Federal Railway Authority which the report has in contemplation, we find that there will be a company having no shareholders, but part time directors alone and the interest of the Government will be limited to that of a Debenture Holder entitled to get interest and no voice in administration. The directors will have the full control over Railway administration. Now, these directors will come like the directors of other companies once in a month or once in three months and will be paid the travelling allowance for attending the meetings and the work will really be done by the managing agents. The managing agents in this case will be the Railway Board. Now, we have discussed a good deal about the evils of the managing agencies during the last Simla Session. I myself quoted some of these evils from the well-known book called Sillatain and described the evils of the system. We will have a Board of Directors immune to any criticism of shareholders because there will be no shareholders, and the Government will be there only as a debenture-holder and having no interest other than receiving interest charges due to them. These recommendations will be very unpopular.

The next point to which I would like to draw the attention of the House, which has also been referred to by the Honourable Member for

Railways, is that they want the reversal of the policy laid down by the Acworth Committee. This is what they say on page 119 of their report :

"Indeed, we should feel bound to urge a radical reconsideration of the whole question of State-management and a fresh examination of the possibility of creating privately managed companies with Boards of Management domiciled in India."

This is really a complete reversal of the policy which the Government have so far adopted in this particular matter. I hope that without due consideration and without consulting the Assembly the Government would not reverse the policy which has been accepted by them and has been followed by them during the last 15 years.

I now come to the commercial side. One very important thing on the commercial side is their recommendation about the rates and freights, and this, I believe, is the weakest Chapter in the Wedgwood Committee's report. Even Mr. James in his amendment has accepted its weakness but his criticism is rather mild. He says :

"Their recommendations concerning rates and charges be postponed pending the results of a conference to be arranged between the railway authorities and representatives of commerce, industry, trade and agriculture."

Now, the Committee, in fact, recommends the continuation of the existing evils. The Committee admits that the same article is classified in a different manner by different railways. 'Cement, for instance, is carried by Class I Indian Railways on seven different schedules so that the charges for 300 miles vary from 50 to 114 pies per mile. The same is the case with salt'. Unnecessarily large number of classifications, the wide difference between the maximum and minimum, the absence of any effective rate tribunal, all these things were brought to the notice of the Committee but it did not suggest any solution. This is really one of the very important omissions of the Committee.

Next, I come to the staff. Now, they have paid a very great tribute to the staff and I hope that the remarks made by the Honourable the Railway Member will be followed.

Since we had an undertaking that we should limit our time to 15 minutes, I do not want to say much about the rail-road competition about which I have already written a Memorandum. I would like to say just one point. The solution of the rail-road problem lies on two principles. In the first place, the railway administration should set its own house in order. They should make the transfer of goods and passengers as cheap as possible and make it as convenient to the tradesmen and passengers as possible. The second thing that I wish to say is that a programme of roads should be formed and we should give preference to those roads where no form of communication exists as compared to those roads where there exists already some form of communication.

Mr. N. M. Joshi (Nominated Non-Official) : Mr. President, I join my Honourable friend, Dr. Ziauddin Ahmad, in paying a tribute to the great speech which the Honourable the Commerce Member made this afternoon. The friendliness of his tone has introduced a new atmosphere in this House. I hope his other Colleagues will follow his example so that the work in this House will be done not only with greater success but in a better spirit. Sir, I also congratulate the Honourable the Commerce Member for removing, at the very outset, one of the

[Mr. N. M. Joshi.]

greatest obstacles to the calm and impartial consideration of the Wedgwood report, namely, his pronouncement that the Government of India is not in favour of the proposals of the Wedgwood Committee for Europeanization of the railway services in India. When the question of the personnel of this Committee was discussed last Session, I was one of those people who protested against the personnel of this Committee. I felt that it is wrong to expect full justice from a British Committee when there is a conflict between the interests of Indians and Britishers. It is wrong to expect them to be angels which the Government of India sometimes does. The British experts are, after all, human beings. They have got their prepossessions and prejudices and also interests. Unfortunately, when a British Committee makes recommendations which are in favour of British interests, not only those recommendations do not receive consideration at the hands of the Legislature but the other parts of the report are also treated with natural prejudice. I, therefore, congratulate the Honourable Member for having, at the very outset, removed the obstacle for the impartial consideration of the report of the Wedgwood Committee. In spite of the fact that the Wedgwood Committee has paid a compliment to the railway administration in India, a compliment which was quoted by my Honourable friend, Sir Saiyid Sultan Ahmad, I feel, Sir, that if you read the report very carefully, you will come to the conclusion that the verdict of the Wedgwood Committee on the railway administration is that the Indian railways have been mismanaged by the railway authorities in India. The Wedgwood Committee has pointed out very clearly that the Government of India and the railway authorities in India allowed the capital invested into Indian railways to increase by 150 crores and the interest charges to increase by eight crores a year. Sir, if this is not mis-management may I ask what is mis-management, when the income of the Indian railways was going down? The committee also point out that the Government of India and the Railway Board have not been successful in managing passenger and goods traffic of the Indian railways. May I, Sir, read a few figures in connection with this. On page 42, the committee point out that from the year 1926-27 to 1935-36, there has been an increase of first and second class seats from 90,000 to 96,000 while during these years the first and second class traffic has dwindled from 100 to 47 per cent., and the income from first and second class traffic has dwindled down from 100 to 73 per cent. May I ask whether any good manager when he finds that the number of his customers is going down, that his income is going down, will increase his rolling stock. But we have got a Railway Board which could do that. I have pointed out this mis-management of Indian railways year after year and showed by figures that the Indian railways are showing partiality and undue favour to first and second class passengers at the cost of third class passengers. I should like the Railway Board to read this criticism of the Wedgwood Committee.

Then, Sir, the committee has pointed out how the Indian railway have been mis-managed by not only allowing the stock of passenger coaches but also goods wagons to increase unnecessarily and also the stock of engines. The committee has also pointed out how the Railway Board gives attention, a very special attention to the foreign tourists, a few thousand foreign tourists when they come to India, while they utterly neglect to develop internal traffic during pilgrimages and other

occasions. The committee has pointed out that the Indian railways are perhaps the slowest among the railways of all civilised countries in the world. Sir, this is the verdict of the Wedgwood Committee on the management of Indian railways. Unfortunately, although the Indian Railway Board has failed to manage our railways properly, the responsibility is not brought home to those people who mis-manage our railways. The Indian railway authorities, the Railway Board and the Government of India are responsible for this mis-management. Properly speaking it is these people who should have been made responsible for this mis-management. The Wedgwood Committee point out that during the last few years, 132,000 railway subordinate employees have lost their employment on account of the mis-management for which the Railway Board and the Government of India are responsible. May I ask whether it is a right thing that these people who are responsible for the mis-management of the railways—the Government of India and the Railway Board—should escape their responsibility and they should get their salaries and that none of them should receive a sack while the poor subordinates who have absolutely no responsibility should be retrenched to the extent of 132,000 during the last few years. The Wedgwood Committee, while finding time to consider whether the rates and salaries of Europeans, while finding time to make suggestions that the Government of India should consider the question of increasing the salaries of Europeans in the railway services, do not find time to consider whether the subordinate railway employees are paid properly or not, whether any improvement in their conditions of life and service could be made and ought to be made or not. Mr. President, if the Wedgwood Committee had gone into the question of what work a British railwayman does, how much he works, how much he brings to the British railways and how much he is paid, I have absolutely no doubt that the Indian railwayman will prove himself to be quite as efficient as the British railway worker, perhaps more. Unfortunately, the Wedgwood Committee did not go into those figures, and I would suggest to the Government of India that they should go into the figures and find out what is the income of the British railways, what is the number of people engaged by British railways and what the British railwayman is paid and what the Indian railwayman is paid. I am sure that if the Wedgwood Committee had done that, it would have found sufficient justification for suggesting improvements into the conditions of life and work on Indian railways. Besides the Indian railwayman who is made responsible for the mis-management of the Indian railways by the Government of India and the Railway Board, the other party who has been made responsible for this mis-management is the third class passenger. I would suggest to the Government of India to read carefully what the Wedgwood Committee has said regarding the treatment which the Government of India gives to the first and second class passengers as compared with the treatment given to third class passengers. The committee has exposed the mis-management of the Government of India as regards the undue favour which they show to first and second class passengers. They have pointed out, very clearly, that the first and second class passenger does not pay you in proportion to what he receives and in proportion to what the third class passenger pays and what he receives. After this exposure, I would like the Government of India to consider this problem very seriously if they want to improve the finances of the Indian railways.

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[Mr. N. M. Joshi.]

Then, Sir, the Government of India are trying to root out corruption on the Indian railways. The Wedgwood Committee have made recommendations that the corruption in the Indian railways should be also rooted out and every effort should be made to remove corruption. May I suggest to the Government of India that if corruption among the subordinate ranks of the Indian railwaymen is to be rooted out you must root out the corrupt policy of the Government of India. If the Government of India take money from the third class passengers and give comfort out of that money to first and second class passengers, the policy of the Government of India is a policy of corruption. It may not be individual corruption; I am quite sure that the Honourable Member for Railways does not take a pice. Nobody will say it. But, Sir, the Government of India take money from the class of third class passengers and put that money undeservedly into the pockets of first and second class passengers. May I ask if this is not corruption, what then is corruption? I, therefore, suggest to the Government of India that if they want to get rid of corruption from the subordinate ranks of the railwaymen, they must first get rid of their corruption in their policy.

Sir, I should like to make one suggestion to the Honourable Member. He is interested in making our Indian railways pay and giving a good means of transport for the people of this country. I would suggest to him, as I suggested to his predecessor, in the last Delhi Session that he should make a close inquiry as to what the third class passengers pay and what the first and second class passengers pay, get the figures and then also inquire as to what facilities the third class passengers get and what facilities the first and second class passengers get. And if he finds that the third class passenger does not get justice, I would suggest to him to show courage and change the railway administration and do justice to the third class passenger in this country. I would suggest to him to make detailed inquiries as to the facilities and comforts given to these people in the third class carriages and in the first and second class carriages. Then I would suggest to him to make inquiries and get figures as to the facilities given to these three classes of passengers at the railway stations. Let him find out the square area of the third class waiting halls and the first and second class waiting halls on the railway stations in India. Let him find out what should be the proper proportion and what should be the due in the matter of waiting room accommodation of the first and second class passengers and give them only that much and give to the third class passengers in the matter of waiting room accommodation what the third class passengers deserve. I would suggest to him also to get figures as to the accommodation given to the first and second class passengers in the matter of restaurant rooms at the stations and in the trains. The third class passengers not only are not treated properly in the matter of waiting rooms, refreshment rooms and railway accommodation, but discrimination is made against them even as regards their travelling by fast trains. There are some trains in India by which the third class passenger, unless he becomes a servant of a first or second class passenger, cannot travel. I travel by the Frontier Mail from Bombay to Delhi and no third class passenger is allowed to travel in this train unless he becomes the servant of a first or second class

passenger. Is this the way to develop your traffic although the third class passenger traffic pays you more than the first or second class passenger traffic? Has the third class passenger no sense of dignity? Are not his feelings hurt when he finds that he is not allowed to travel by the fastest train that the railway authorities run from Bombay to Delhi? Sir, I will tell you another example of the callousness of the Railway Board and the Government of India in this matter. There was a train between Bombay and Poona called the "Deccan Queen", comfortably furnished, and perhaps the fastest train in India. Third class passengers were excluded from that train unless they became the servants of first and second class passengers. That train did not pay its way and the money invested in constructing it was wasted. But the prejudice against the third class passenger is so deep-rooted in the minds of these railway agents and the Railway Board that instead of making money by allowing third class carriages to be attached to that train they have stopped that train. The capital is not used and the train remains idle but still the Railway Agent will not allow third class carriages to be attached. I have absolutely no doubt in my mind that if third class carriages are attached to that train it will begin to pay; but that will not be done. I, therefore, suggest to the Railway Member that he should give very sympathetic consideration to this question if he wants to solve the problem of railway finances. Let him make an inquiry; I am not asking him to accept my word. I am asking him to make a detailed inquiry as to the facilities given to the third class passengers and the facilities given to the first and second class passengers, take the number of passengers, take the amount of money, and then let a judge declare that the third class passenger is receiving justice.

Mr. President, before I close I will only say one word about the suggestions made by the Wedgwood Committee as regards State-management. I have heard the assurances given by the Honourable Member that the policy of the Government of India as regards State-management is unchanged. Unfortunately, Sir, we find from the action of his predecessor that the Government of India are going back on it. I should like the Honourable Member to take up this question very seriously. The people of India want all the railways to be under State-management not only from the point of view of the general taxpayer, but from the point of view of the workers on the Indian railways. Only a few months ago his predecessor found it difficult to settle a strike on one of the Company-managed railways. I am quite sure, in my own mind, that he was convinced of the justice of the cause of the workers, but he found it difficult to convince the Agent of a Company-managed railway. Therefore, not only from the point of view of the general taxpayer but also from the point of view of the Indian railwaymen, I recommend to him that the Company-managed railways should be taken over by the Government of India as early as possible. Sir, I have done.

Sir Muhammad Yakub: Sir, the House will remember that the Railway Enquiry Committee was appointed on a recommendation from the Public Accounts Committee to which the Finance Member agreed, and it was for this reason that the report of this committee was placed before the Public Accounts Committee for their scrutiny and judgment. I

[Sir Muhammad Yakub.]

was surprised to hear from a gentleman of the ability of Mr. James when he said that it was not relevant for the Public Accounts Committee to have passed any resolution on this report. When the committee was appointed at the instance of the Public Accounts Committee, it was the duty of that committee to scrutinise the report of this Enquiry Committee. Therefore, it was not only quite relevant but it was incumbent upon them, and they would have failed in their duty if they had not scrutinised the report and gave a lead to this House upon the recommendations contained therein. If their judgment on this report is irrelevant, I do not know how the verdict of this House can be relevant. So much for the remark of Mr. James. As this Committee was appointed on the recommendation of a committee which is elected by the House we thought that in accordance with past precedents, some Indians would be appointed members of it. But, unfortunately, no Indian was appointed as member of the committee and it was, in the words of the report itself, a committee of those who "had no previous knowledge of Indian conditions". And I am not surprised that the report of the gentlemen who had no previous knowledge of the conditions of India was not better than the one we are now discussing. I am not one of those who think that Indians do not want the co-operation and services of Englishmen, at least for some time to come. In fact, I have been at loggerheads with my own countrymen when I thought that their *modus operandi* led to a channel which was injurious to the peaceful progress of our country, but I will not hesitate to censure or condemn any European, or Europeans, if I find that any action on their part was detrimental to the interests of India. Sir, I shall not go into the details of this Report. We have carefully considered the Report in the Public Accounts Committee, and the Resolution, which is now before the House in the form of an amendment by Mr. Satyamurti, represents the unanimous opinion of all the Indian elected Members, who sat on the Public Accounts Committee, and I daresay it also represents the unanimous view of all Indians in this country. ("Hear, hear" from Congress Party Benches.) My friend, Mr. Satyamurti, has gone into the details of his amendment exhaustively, and, therefore, I do not propose to go over the same ground again. It would, however, suffice, if I say that I agree and endorse each and every one of the items which Mr. Satyamurti has placed before us.

Now, Sir, I was surprised to find that our friend, Mr. James, characterised our amendment as having a tinge of racialism in it. If Honourable Members will go into the pages of this Report, they will find that no document ever published by any Committee, appointed by the Government, contained such a deep tinge of racialism, or communalism, as this Report contains, and still my friend, Mr. James, says, that it contains valuable recommendations that it should be respected, and that we should pay a tribute to the members who have taken the trouble to write this Report. In fact, I understand that this Report was written by some officer in the Railway Board.

The Honourable Sir Saiyid Sultan Ahmad : That is wrong.

Sir Muhammad Yakub : You do not hear such things since you have taken over charge. Probably you do not know what were the conditions before.

Now, Sir, there are two important points on which proper stress has not been laid by my friend, Mr. Satyamurti, and I will just mention them. My first point is that the Wedgwood Committee have recommended the appointment of another Member of the Railway Board. On this proposal I have to say that we, on this side of the House, do not agree to any proposal which would involve addition of expenditure. But there is one point in it, and it is this, that since Sir Raghavendra Rau has been transferred from the Railway Board, there is not a single Indian Member on that important Board. This question, Sir, has been agitating the minds of Indians for some time now. Well, Sir, I will take this opportunity of making a suggestion, and it is this, now that Communications has been made a separate department, I understand the Government are going to appoint a Secretary for this department, and in this connection might suggest that they would be killing two birds with one stone if they appoint an Indian as Secretary to the Board of Communications, because, a communiqué was issued by the Government which was published in the *Times of India* of the 8th June, 1937. In this communiqué the Government of India said that "the Secretary to the Communications Board should attend the meetings of the Railway Board as an *ex-officio* member". I suggest that if an Indian is appointed as Secretary to the Department of Communications, he will be able to sit on the Railway Board as an *ex-officio* Member, and the demand of Indians that there should be an Indian Member of the Railway Board will be met with, and that would not involve any additional expenditure either.

Then, Sir, the other point on which I should like to lay stress is that the Wedgwood Committee has made a very mischievous recommendation when they say that the Members of the Railway Authority should not be whole-time Members, and that the offices of the Railway Authority should be located at Calcutta. What is the implication of this ? The implication of this recommendation is that the sole authority and the supreme being of the Railways should be the Chief Commissioner, whom they recommend, that he may now be called the Chief Manager. The Members of the Railway Authority, if this recommendation were accepted, will not be whole-time members, they will probably be like honorary workers in Banks, or some societies, who come to attend a meeting, and get some remuneration. They have no supervisory work, they will not go into the details of the work, and they will know nothing about the organisation. This recommendation, I again repeat, is very mischievous and harmful, and if it is carried out, the Chief Commissioner or the Chief Manager, of the Railways will be in exclusive possession of a budget of 90 crores, and even His Excellency the Viceroy will not be able to interfere in his work. Therefore, I submit that this recommendation should never be accepted, and no section of Indians on this side of the House will accept this recommendation. I submit that the Members of the Railway Authority must be really the authority for Railways, they must be superior to the Chief Commissioner, or by whatever name he may be called, and they must really have full charge over the finances and the working of the Railways.

Then, Sir, when all the offices in the country are now being taken down to Delhi,—even the old records of the Government of India which were lying, like mummies, at Calcutta all these years, are now being transferred to Delhi, where a big house, like a fort, has been built to deposit them why should the office of the Railway Board be located at Calcutta ? The reason is obvious. They desire that the Federal Assembly should not

[Sir Muhammad Yakub.]

know what the actual conditions were and what the Railway authorities were actually doing at Calcutta. I submit that this is a very dangerous recommendation. As we have said in our joint report in the Public Accounts Committee the office of the Railway Board should always be located and should remain with the offices of the Government of India.

Coming to the speech of my Honourable friend, the Railway Member, I would start by following his example of Indian courtesy and pay him a high tribute for the sympathetic and polished manner in which he has dealt with the subject. His speech has, to a great extent, softened the feelings of the House, but still, having some experience of the working of the Government of India, the saving clauses, which he has so adroitly added in his speech, create some suspicion in our minds. Where he says, provided no suitable Indian is available, that is not a small hole, but a very big gate which will be open for importing foreigners in our railway administration. I submit that if Indians of the status of Sir Zafrullah Khan, who could improve the administration of the railways during the last two or three years, when he was in charge of the railways, if Indians like Sir Raghavendra Rau, who in a period of great financial stress, placed the finances of the railways on such firm basis as was possible in the circumstances, if Indians like the Honourable Sir Sultan Ahmad, who within two or three months of taking charge of the railways, has mastered the situation and understood the intricate problems of its administration as any of the older members, can be had in this country, I do not think that one need add a proviso and say, "provided a capable Indian is not available", for such and such an appointment. I submit that the House would have welcomed very much my Honourable friend's speech if those provisos had been removed. I will not take more time of the House. I will not repeat the arguments which were used by Mr. Satyamurti. I will only say that the amendment which has been tabled by Mr. Satyamurti is our joint amendment and I heartily support it.

Mr. President (The Honourable Sir Abdur Rahim) : I understand that as there are a number of other Members who are desirous of taking part in this debate, Government have consented to find time for the purpose and allot a day for the continuance of this debate at the end of the official days already fixed. I suppose the exact date will be announced later.

The Honourable Sir James Grigg : I think the undertaking is not quite in the form stated. The undertaking was to find time at the end of the Session provided that all the official business had been concluded.

Some Honourable Members : We do not want provisos.

The Honourable Sir James Grigg : That was the proviso agreed to.

Mr. President (The Honourable Sir Abdur Rahim) : I take it that the Honourable the Finance Member speaks the mind of the Government.

The Assembly then adjourned till Eleven of the Clock on Monday, the 30th August, 1937.

LEGISLATIVE ASSEMBLY.

Monday, 30th August, 1937.

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

MEMBER SWORN.

Mr. John Francis Sheehy, M.L.A. (Government of India : Nominated Official).

STARRED QUESTIONS AND ANSWERS.

(a) ORAL ANSWERS.

POSITION OF INDIANS IN ZANZIBAR.

169. ***Mr. T. S. Avinashilingam Chettiar** : Will the Secretary for Education, Health and Lands, state what is the latest position with regard to Indians in Zanzibar ?

Mr. M. S. A. Hydari : The Honourable Member's attention is invited to my reply to Mr. S. Satyamurti's starred question No. 97 on the 25th August, 1937. According to information received on August 29th, some Indians in Zanzibar are now beginning to take part in the purchase and export of cloves. The Government of India once again tender the advice already given to the Indians in Zanzibar to resume the purchase and export of cloves. They repeat with all the emphasis at their command that a fair trial should be given to the new arrangements ; else they fear that by non-participation, others will capture a business hitherto predominantly Indian.

Mr. T. S. Avinashilingam Chettiar : May I know whether the Government of India are making any attempt to break the passive resistance among the Indians there.

Mr. M. S. A. Hydari : We cannot do anything more than tender our honest advice.

Mr. T. S. Avinashilingam Chettiar : My question is different. May I know whether the Government of India are helping the Zanzibar Government to break the spirit of passive resistance among the Indians there ?

Mr. M. S. A. Hydari : No.

Mr. T. S. Avinashilingam Chettiar : May I know whether the Government of India's help has been sought to introduce importers of clove here, apart from the merchants who have refused to import ?

Mr. M. S. A. Hydari : Emphatically ' No '.

(739)

Mr. S. Satyamurti : May I know whether the Government of India have heard from the Colonial Office about the appointment of an Agent on behalf of the Government of India in East Africa, especially in Zanzibar ?

Mr. M. S. A. Hydari : Not yet.

Mr. S. Satyamurti : May I know when the Government of India addressed them last ?

Mr. M. S. A. Hydari : I think about a fortnight ago. I am speaking from memory.

Mr. S. Satyamurti : May I know whether the Government of India will press upon the Secretary of State for the Colonies the urgent need for agreeing to the appointment of an Agent to watch the interests of Indians in Zanzibar ?

Mr. M. S. A. Hydari : We have been pressing all the time.

Mr. S. Satyamurti : May I know whether the Government of India have heard, except from the Government of Zanzibar, about the progress of passive resistance there ?

Mr. M. S. A. Hydari : No.

Mr. S. Satyamurti : May I know if the Government of India's attention has been drawn to Mr. Tyab Ali's speech or interview given in Bombay, after the vote of this House on the Zanzibar adjournment motion ?

Mr. M. S. A. Hydari : We do not consider that Mr. Tyab Ali is in a position to give us accurate information. He has been away from Zanzibar for the last year.

Mr. S. Satyamurti : May I know whether the Government of India have any source, except the Government of Zanzibar, to advise them or inform them, as regards the position of Indians in Zanzibar ?

Mr. M. S. A. Hydari : There is the Indian National Association at Zanzibar.

SHARES OF THE RESERVE BANK OF INDIA.

170. ***Mr. T. S. Avinashilingam Chettiar :** Will the Honourable the Finance Member state :

- (a) what proportions of the shares of the Reserve Bank are held by non-Indian banks, firms, and individuals ;
- (b) whether there is a maximum limit fixed for the holding of these shares ; and
- (c) whether there is any maximum limit fixed to the total number of shares that foreigners may hold in the Bank ?

The Honourable Sir James Grigg : (a) The information is not readily available.

(b) and (c). No. I would, however, invite a reference to the reply which I gave to starred question No. 89 asked by Mr. Satyamurti on the 25th instant.

Mr. T. S. Avinashilingam Chettiar : May I know whether they have called for the information ?

The Honourable Sir James Grigg : No, Sir.

Mr. T. S. Avinashilingam Chettiar : Why not, Sir.

The Honourable Sir James Grigg : It is not readily available.

Mr. T. S. Avinashilingam Chettiar : Having regard to the fact that the Reserve Bank shares should be held by Indians and not by foreigners and this being an important matter, will the Honourable Member call for the facts ?

The Honourable Sir James Grigg : Has the Honourable Member never heard of nominee holdings ?

Mr. S. Satyamurti : Have Government any bases for calculating roughly, whether a fairly large proportion of shares of the Reserve Bank are getting into non-Indian hands ?

The Honourable Sir James Grigg : No, Sir.

Mr. T. S. Avinashilingam Chettiar : May I know if those holdings are consolidated in particular hands ?

The Honourable Sir James Grigg : That does not arise out of the question. I am not here to pronounce upon the Honourable Member's expression of opinion.

Mr. T. S. Avinashilingam Chettiar : It does arise for this reason : Part (b) says : Whether there is a maximum limit fixed for the holding of these shares.

The Honourable Sir James Grigg : This is a question of fact. The other is a question of opinion.

PRESERVATION OF THE ELEPHANTA CAVES.

171. ***Prof. N. G. Ranga :** Will the Secretary for Education, Health and Lands Department, be pleased to state :

- (a) whether the Elephanta Caves are in danger of destruction by the increasing disintegration of the mountainous structure ;
- (b) whether recently one of the lions (in stone) at one of the gates was destroyed by the fall of stones, etc., from the top of the hill ;
- (c) whether any experts had examined the hills, the nature of the preservation of the caves and the manner of saving the caves from destruction through the disintegration of the hilly stuff ; and
- (d) what are the steps proposed to be taken
 - (i) to save the caves, or,
 - (ii) if the caves cannot be saved at all, to prepare and preserve true photos and pictures of the caves and the reproduction even in miniature of the architectural parts of the caves in a suitable place ?

Mr. M. S. A. Hydari : (a) and (b). The Elephanta Caves are, as the Honourable Member is aware, in a very exposed situation and a certain degree of disintegration has been in process for centuries. Cracks developed sometime ago and three fragments of appreciable size fell from the Trimurti figure on the 4th January, 1935. The fall of a large fragment of rock in March last caused the breaking off of a detached stone lion of a later period.

(c) A Committee consisting of the following gentlemen was appointed by the Government of India in October, 1936, to enquire into the causes of deterioration and to suggest measures for the preservation of sculptures :

Mr. J. F. Blakiston, Chairman.

(1) Dr. S. S. Bhatnagar, D.Sc.,

(2) Mr. A. Crood,

(3) Mr. S. N. Gupta,

} *Members.*

(d) The measures proposed consist of : (1) the regulation of drainage and structural repairs necessary ; (2) the chemical treatment of the rock surface to prevent the action of the sea salts ; and (3) the grouting of cracks with cement of approximately the same colour and texture as the rock, accompanied by the use, where necessary, of rivets or dowels of a non-rusting alloy. Action on the first point was already begun before the monsoon with satisfactory results.

Mr. Lalchand Navalrai : May I know from the Honourable Member whether he is in charge of the Archaeological Department ?

Mr. M. S. A. Hydari : Yes, Sir.

Mr. Lalchand Navalrai : May I know when the danger to the caves appeared ?

Mr. M. S. A. Hydari : The danger has always been there. In December, 1934, the Archaeological Department chemist was deputed to visit the Elephanta Caves and that was the first serious warning we received.

Pandit Lakshmi Kanta Maitra : May I know if these operations suggested by this Committee have been put into operation under the guidance of any expert of the Archaeological Department or has it been carried out merely as a matter of routine ?

Mr. M. S. A. Hydari : The Archaeological Department is an expert department.

Prof. N. G. Ranga : May I know if the recommendations of the Expert Committee are being implemented now ?

Mr. M. S. A. Hydari : Yes, Sir.

EXPORT OF MONKEYS.

172. ***Mr. T. S. Avinashilingam Chettiar :** Will the Honourable the Finance Member state :

(a) whether it is true that the export of monkeys has been considerably increasing ;

(b) if monkeys exported in 1936-37 ;

(c) to which countries are they mainly exported ; and

(d) what is the purpose for which they are exported ?

Mr. J. A. Thorne : (a) and (b). The figures last given to the House, in answer to Mr. C. S. Ranga Iyer's starred question No. 614 on the 21st September, 1931, were for 1930-31. The total was then 16,220. The total for 1936-37 is 22,544.

(c) I have not yet got detailed figures, but will lay them on the table when received.

(d) I have not the material for a positive answer to this question, but there is reason to believe that the main purposes are zoological and medical research.

Mr. T. S. Avinashilingam Chettiar : May I ask whether these monkeys are being exported for monkey gland operations ?

Mr. J. A. Thorne : I have said I have not material of a positive nature to the purposes for which they are exported, but we know they are largely used in medical research for diseases such as malaria, yellow fever and infantile paralysis.

Sethu Govind Das : May I ask who bears the expenditure for this port ?

Mr. J. A. Thorne : The people who place the orders.

Mr. T. S. Avinashilingam Chettiar : May I know how the Honourable the Home Secretary is interested in answering this question ?

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

DELAYS AND INTERRUPTIONS IN TELEGRAPH SERVICES FROM AND TO CALCUTTA.

173. ***Mr. Sri Prakasa :** (a) Will the Honourable Member for Industries and Labour state if it is a fact that there were serious delays and interruptions in telegraph services from and to Calcutta in May ?

(b) Is it a fact that a 40 word telegram from a Calcutta firm to its Delhi office which was booked at 1-55 P.M. on a Friday was not despatched 3-30 A.M. on Saturday ?

(c) Is it a fact that on being interviewed by a representative of the *Statesman*, an official of the Department said that it was not customary to give any previous information of serious delays owing to any particular interruption ? If so, what is the harm if previous information is given to enable the public to book Express Telegrams and to relieve possible anxieties ?

The Honourable Sir Thomas Stewart : (a) Except for short spells, consequent on the dislocation which must inevitably follow from widespread damage to lines by severe storms, there were no serious delays in telegraph traffic as a whole in May last. On such occasions "ordinary" traffic must give precedence to higher class traffic.

(b) Yes. The message was an "ordinary" class press message.

(c) There appears to be some misapprehension regarding the information given to a representative of the *Statesman* by a subordinate official.

cial of the Department. The position is that interruptions are usually restored with reasonable promptitude. Further it is generally possible to reduce delay by utilising alternative routes if these are then in a position to carry the extra traffic. Accordingly the question of whether a warning of excessive delay should be given or not has to be judged on its merits. The Department feels that it is undesirable to ask the public to incur the expense of booking their messages express unless this is really necessary. Postmasters-General have been instructed that they should publish as much information as they can having regard to the foregoing considerations.

POSTAGE RATES BETWEEN BURMA AND INDIA.

174. ***Mr. Sri Prakasa** : (a) Will the Honourable Member for Industries and Labour state what are the present rates of postage between Burma and India ?

(b) Since when have the new rates come into force ?

(c) What has been the average gain or loss to revenue per month since the introduction of these new rates ?

(d) Are Government considering the desirability of re-establishing the *status quo ante* separation and communicating with the Government of Burma with a view to induce them to do the same ?

The Honourable Sir Thomas Stewart : (a) The postage rates as notified in the Government of India, Department of Industries and Labour Notification No. F.M.-234/36, dated the 23rd March 1937, are placed on the table.

(b) 1st April, 1937.

(c) The new rates have been in effect for too short a time to form any accurate estimate. I have no reason to believe that any loss has occurred.

(d) No.

Rates of Postage.

	As.
Letters—	
For a weight not exceeding one ounce	2½
For every additional ounce or fraction thereof ..	2
Postcards—	
For a single postcard	2
For a reply postcard	4
Printed papers—	
For every two ounces or fraction thereof ..	½
“ Blind Literature ” packets—	
For a weight not exceeding two pounds ..	½
For every additional two pounds up to 10 lbs. ..	½
For a packet exceeding 10 lbs. and up to 11 lbs. ..	3

STARRED QUESTIONS AND ANSWERS.

Rates of Postage—contd.

	As.
Business papers—	
For a weight not exceeding ten ounces	8½
For every additional two ounces or fraction thereof ..	½
Sample packets—	
For a weight not exceeding four ounces	1½
For every additional two ounces or fraction thereof ..	½
Air mail fee (in addition to postage)—	
For letters and packets—per half ounce	2
For a postcard—per postcard	½
Insurance—Available up to Rs. 3,000/-	
(For Air mails—Not available).	
Insurance fee—Where the value insured does not exceed Rs. 180 ..	4½
For every additional Rs. 180 or fraction thereof ..	4½
For a parcel weighing—	
	Rs. A. P.
Not over 3 lbs.	1 4 0
Not over 7 lbs.	2 8 0
Not over 11 lbs.	3 12 0
Not over 20 lbs.	6 0 0

Mr. T. S. Avinashilingam Chettiar : Has the Honourable Member taken into consideration the data of income as compared with the previous two months ?

The Honourable Sir Thomas Stewart : That information I do not have.

Mr. T. S. Avinashilingam Chettiar : Then on what ground does the Honourable Member state that there is no loss of revenue ?

The Honourable Sir Thomas Stewart : We have made a somewhat imperfect comparison on the basis of an enumeration of letters carried over a comparatively short period in August. That enumeration was compared with an estimate of the traffic prepared some time ago. We are not prepared to accept that comparison as an accurate one and for that reason we can only form the merest approximation as to the comparative results of traffic this year and traffic last year.

Mr. S. Satyamurti : May I know whether the Government of India are aware of the statement made by the Minister in charge in the Burma Legislature that the Government of India have not approached the Government of Burma with a request for the reduction of rates ? May I know why they have not so far approached the Government of Burma ?

The Honourable Sir Thomas Stewart : My recollection is that we did approach the Government of Burma at or about the time of separation. I take it that the Honourable Member's remark in the Burma Assembly was probably qualified by some such utterance as “recently”.

Mr. S. Satyamurti : May I ask whether, after the separation, the Government of India ever took up this question, that is, after the introduction of these increased rates of postage between India and Burma ?

The Honourable Sir Thomas Stewart : No, Sir.

Mr. S. Satyamurti : Why have they not taken up, and may I ask whether they propose to take it up ?

The Honourable Sir Thomas Stewart : They have preferred to wait until they had more experience of the actual working of the present arrangements.

Prof. N. G. Ranga : May I know whether the Government of India have received any representation from Indians in Burma in regard to their need for the introduction of these rates ?

The Honourable Sir Thomas Stewart : To the best of my knowledge, representations from Burma have not been received.

Mr. Sri Prakasa : May I ask if the Government raised the rates between India and Burma on their own initiative or as a measure of retaliation against the rates being raised in Burma itself ?

The Honourable Sir Thomas Stewart : Certainly not as a measure of retaliation.

Fandit Lakshmi Kanta Maitra : Is it not a fact that several representations have been made to the Honourable Member's Department for restoring the *status quo* with regard to the postal rates in Burma and India ?

The Honourable Sir Thomas Stewart : There have been representations from Indian trading interests.

Prof. N. G. Ranga : In view of the fact that lakhs and lakhs of Indian workers and peasants are employed in Burma and they send their savings to India, will Government consider the advisability of reducing the rate of money order commission from Burma to India ?

The Honourable Sir Thomas Stewart : That does not arise on the question of postal rates.

Seth Govind Das : May I ask if Government have received any representation from the Chamber of Commerce, Burma ?

The Honourable Sir Thomas Stewart : As far as I am aware, speaking subject to correction, such a representation has not been received.

Mr. Sri Prakasa : May I ask why the rates were raised at all when the old rates had been subsisting for a long time past and the rates have not been increased in the case of Ceylon, for instance ?

Mr. President (The Honourable Sir Abdur Rahim) : This is an argument. The question need not be answered.

USE OF GOVERNMENT STATIONERY AND SERVICE STAMPS FOR RECOMMENDING TITLES AND PUBLICATION OF HONOURS LIST IN THE GAZETTE OF INDIA.

175. ***Mr. Sri Prakasa :** (a) Will the Honourable Member for Industries and Labour state if it is a fact that Government stationery

and service stamps are used by Government officials when they recommend persons for titles to His Excellency the Viceroy or His Majesty the King ?

(b) If so, do Government propose to issue instructions that Government stationery and service stamps are not used for such purposes ?

(c) Is it a fact that lists of titles are published in the Government of India Gazette ? If so, under whose orders, at whose cost, and under what rules is this official publication utilized for a purpose with which the Governor General in Council has no concern ?

The Honourable Sir Thomas Stewart : (a) Yes.

(b) No.

(c) Yes ; under the orders of His Excellency the Viceroy. The cost is borne by Central revenues, which receive the income from the sale of the Gazette. The Governor General in Council is concerned in ensuring that His Majesty's commands receive publicity.

Seth Govind Das : Are Government aware that the majority of the Indians think that this expense is absolutely useless ?

Mr. President (The Honourable Sir Abdur Rahim) : I cannot allow this question.

Mr. Sri Prakasa : With reference to the reply to part (a), may I ask whether it is under His Majesty's command that officials should recommend persons for titles on Government stationery and at Government expense ?

Mr. President (The Honourable Sir Abdur Rahim) : I cannot allow this question.

ALLEGED REMARKS BY LORD BADEN-POWELL AGAINST INDIANS.

176. ***Mr. Badri Dutt Pande :** Will the Secretary for Education, Health and Lands state :

(a) if Government have seen the press reports of Baden-Powell's remarks regarding Indians lacking in character, honour and health and also the agitation and resentment in the press and the platform against these alleged remarks ;

(b) have Government taken any action to defend India's honour ; and

(c) what is the total amount of money the Central Government and the Provincial Governments spend in the Baden-Powell and the Seva Samiti Scout movements in India respectively ?

Mr. M. S. A. Hydari : (a) Yes.

(b) There is no action which Government can take as they, as such, have no concern with the Boy Scout Movement.

(c) The Government of India do not make any grant to either the Baden-Powell or the Seva Samiti Boy Scout Associations. They have no information whether any, and if so what, grants are made by Provincial Governments to these Associations.

Mr. T. S. Avinashilingam Chettiar : May I ask whether Provincial organisations, like the Delhi Municipality, give any grants to this Scout Movement ?

Mr. M. S. A. Hydari : I have answered that.

Mr. S. Satyamurti : With reference to answer to part (b) of question, may I know if the Government are aware that several Government servants are associated with this Baden-Powell movement ?

Mr. M. S. A. Hydari : They may be, but not in their official capacity.

Mr. S. Satyamurti : Will Government issue instructions to their servants, as they do with regard to political activities, that they ought not to associate themselves with a movement whose head has insulted Indian character and honour ?

Mr. M. S. A. Hydari : That does not arise.

Mr. S. Satyamurti : It does arise. Clause (b) of the question says : " Have Government taken any action to defend India's honour ? " My Honourable friend has said that the Government have no action to take. I am asking for the elucidation of that answer whether Government have issued any instructions to their servants not to identify themselves with a movement whose head has insulted India's character and honour.

Mr. M. S. A. Hydari : I want notice of that question.

Mr. T. S. Avinashilingam Chettiar : May I know whether the Delhi Municipality is giving a grant to the Scout Movement ?

Mr. M. S. A. Hydari : I said in answer to part (c) that we have no information of the grants Provincial Governments are making.

REPORT OF THE EDUCATIONAL EXPERTS.

177. ***Mr. S. Satyamurti :** Will the Secretary for Education, Health and Lands be pleased to state :

- (a) whether the report of the Educational Experts, Messrs. Abbott and Wood, has reached the Government of India, and whether it will be placed on the table of the House ; if so, when ; and
- (b) whether the report will be sent to all the Provincial Governments for their opinion before the Government of India takes any steps in the matter ?

Mr. M. S. A. Hydari : (a) Copies of the report have been placed in the Library of the House and also a copy has been supplied to each Honourable Member.

(b) Yes.

Mr. S. Satyamurti : With reference to the affirmative answer to part (b), do I take it that the report has been sent to Provincial Governments, or will be sent ?

Mr. M. S. A. Hydari : Has been sent.

Mr. S. Satyamurti : Have the Government of India heard from the Provincial Governments ?

Mr. M. S. A. Hydari : No, Sir.

Mr. S. Satyamurti : In view of the importance of this question, do the Government propose to call a Conference of Education Ministers of all the Provincial Governments, before they take any further action, in pursuance of the recommendations of this report ?

Mr. M. S. A. Hydari : As a first step we propose to put this report before the Central Advisory Board of Education, which I think will meet either in December or January.

Mr. S. Satyamurti : My question is this. Before Government proceed to implement any of the recommendations of these experts, will they convene a conference of, or otherwise ascertain the opinion of, all Education Ministers of the various provinces ?

Mr. M. S. A. Hydari : We have not considered this question yet.

Mr. S. Satyamurti : Will they consider it ?

Mr. M. S. A. Hydari : Certainly.

Mr. Lalchand Navalrai : Will the Honourable Member send a copy of the debate to all Provincial Governments so that they may consider what has been said in this House ?

Mr. M. S. A. Hydari : There has been no debate.

Mr. Lalchand Navalrai : I mean the copies of questions and answers.

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

INDIAN REVENUE RETURNS, ESPECIALLY IN CUSTOMS AND EXCISE.

178. ***Mr. S. Satyamurti :** Will the Honourable the Finance Member be pleased to state :

- (a) the latest figures with regard to the Indian Revenue Returns, especially in Customs and Excise ;
- (b) whether these exceed the budget estimates ; and
- (c) if so, what he proposes to do with these increased returns ?

The Honourable Sir James Grigg : (a) and (b). I would invite a reference to the monthly statements published by the Director-General of Commercial Intelligence and Statistics.

(c) The Honourable Member must wait and see.

Mr. S. Satyamurti : In view of the undoubted increases in customs and excise revenues which I have ascertained from reading the official reports and the newspaper extracts from time to time, may I ask the Honourable Member if he proposes to use all these excesses over his budget estimates, for making grants to provinces, in accordance with the Niemeyer award ?

The Honourable Sir James Grigg : That is a question which I have already answered. I am afraid the Honourable Member must wait and see.

Mr. S. Satyamurti : Have the Government already spent this money on the operations in the North-West Frontier?

The Honourable Sir James Grigg : I do not know, Sir.

TERMS OF REFERENCES OF THE COMMITTEE TO ENQUIRE INTO THE MINOR INDUSTRIES IN INDIA.

179. ***Mr. S. Satyamurti :** Will the Honourable Member in charge of Industries and Labour be pleased to state :

(a) what the terms of reference are for the Committee to enquire into the minor industries in India ; and

(b) whether it is proposed to consider all minor industries including cottage industries, and whether the Committee will be able to report on the possibilities of developing cottage industries mainly with a view to supplement the small income of labourers in the villages ?

The Honourable Sir Thomas Stewart : (a) As I informed Mr. Avinashilingam Chettiar on the 25th August, in reply to his starred question No. 76, no such Committee has been appointed by Government.

(b) Does not arise.

Mr. S. Satyamurti : I accept the correction that it is an officer's enquiry. I am asking with regard to part (b) of this question, whether the officer will be called upon, if he had not been called upon already, to examine and report on the possibilities of developing cottage industries, mainly with a view to supplement the small income of the labourers in the villages ?

The Honourable Sir Thomas Stewart : As I said in answer to a supplementary question on a previous occasion, I think that that is a question which ought to be addressed to my Honourable colleague, the Commerce Member, since such enquiries as are being made are made under his direction.

Mr. S. Satyamurti : Will he kindly convey this good suggestion to his Honourable colleague ?

SUSPENSION OF REGULATION PROHIBITING WOMEN FROM WORKING IN MINES.

180. ***Mr. S. Satyamurti :** Will the Honourable Member for Industries and Labour be pleased to state :

(a) the reasons why the Government of India decided to suspend for three months the operation of the new regulation, prohibiting women from working in mines ;

(b) whether they have consulted relevant opinion in the matter ; and

(c) whether they are prepared to reconsider and withdraw the order and see that no women are employed underground in mines from now, and if not, why not ?

The Honourable Sir Thomas Stewart : (a) The attention of the Honourable Member is invited to the Press communiqué issued by Government on the 14th June, which gives the reasons for the action taken.

(b) The opinion of the mining industry was not obtained, but expert advice was taken.

(c) No, because the withdrawal of the order without giving adequate notice to the industry would lead to dislocation of work in coal mines.

Mr. S. Satyamurti : In view of the inhumanity of allowing women to work underground even for a minute longer than is necessary, will the Government reconsider the position and prohibit from 1st October the employment of women in mines underground ?

The Honourable Sir Thomas Stewart : The effect of Government orders is that as from 1st October women will cease to be employed underground.

Mr. N. M. Joshi : May I ask whether the Government of India can give the assurance that no more extensions will be permitted ?

The Honourable Sir Thomas Stewart : As at present advised the Government have no intention of permitting any extension.

Mr. Ram Narayan Singh : What was the occasion for the suspension of these Regulations ?

The Honourable Sir Thomas Stewart : I would refer the Honourable Member to my answer to part (a) of the question. A Press communiqué was issued on the 14th June, which gives a full explanation of the circumstances in which action was taken.

CONCLUSIONS ON THE REPORT OF THE COAL MINING COMMITTEE.

181. ***Mr. S. Satyamurti :** Will the Honourable Member for Industries and Labour be pleased to state :

(a) whether the Government of India have come to any definite conclusion on the report of the Coal Mining Committee ; and

(b) whether Government will accept the recommendations of the minority, that the coal mines in India are to be nationalised, and if not, why not ?

The Honourable Sir Thomas Stewart : (a) Conclusions, final or provincial, have been reached on some of the recommendations. The Bill which I introduced in this House on the 27th August relates to one such recommendation. A fresh set of temporary regulations covering certain recommendations of the Committee in respect of ventilation and safety lamps were promulgated on the 10th July last. The temporary regulations previously issued have been incorporated in a draft series of amendments of the permanent regulations prepared after consideration of the relevant recommendations in the Committee's report and have been referred to Mining Boards as required by the Act. Mining Boards have also been asked to consider draft regulations dealing with the certification of short firers as recommended by the Committee. The recommendations for the amendment of section 16 of the Mines Act and

for providing that agents should have the qualifications of managers have been rejected. The proposal for the amendment of the Bengal Tenancy Act has been referred to the Government of Bengal within whose competence the matter lies.

The other recommendations made by the Committee are under consideration, including those relating to the scheme for sand-stowing.

(b) Government have reached no decision on this question.

Mr. S. Satyamurti : Will Government be pleased to consult this House, before they make up their minds regarding the remaining recommendation, especially the one referred to in part (b) ?

The Honourable Sir Thomas Stewart : In so far as action taken by Government on this report involves legislation, this House will certainly be given the fullest opportunity of expressing its opinion.

Mr. S. Satyamurti : I know that and I trust my Honourable friend gives me the credit for knowing that Government cannot legislate, except by Ordinances, without the help of this House. I am asking whether, before they make up their minds to legislate, and on what matters to legislate, whether Government will be pleased to consult this House with regard to the major recommendations, especially the one about nationalisation of coal mines in India.

The Honourable Sir Thomas Stewart : Until such time as final decisions have been taken as to what action is desirable, I am afraid I cannot answer the Honourable Member's question.

Mr. S. Satyamurti : I want to know whether Government will consult this House, before they take final decisions on these big matters.

The Honourable Sir Thomas Stewart : I am not in a position to promise that.

Mr. S. Satyamurti : Will Government consider that question ?

The Honourable Sir Thomas Stewart : Certainly.

RECRUITMENT OF MUSLIM CLERKS IN THE BRANCHES OF THE RESERVE BANK OF INDIA.

182. ***Sir Abdul Halim Ghuznavi :** Will the Honourable the Finance Member be pleased to state :

- (a) the number of clerks employed in each of the higher and lower divisions of the clerical cadre of the Reserve Bank of India and in each of the areas of Calcutta, Madras and Bombay ;
- (b) how many of the clerks in each division and in each area are Muslims, Hindus, Christians, Sikhs, Parsis and Anglo-Indians ; and
- (c) whether the Government of India circular for providing Muslims against 33 per cent. of the vacancies has been acted upon in filling the posts of clerks in the Reserve Bank's Branches all over India ? If not, why not ?

The Honourable Sir James Grigg : (a) and (b). Government have no information. .

(c) The recruitment of the staff of the Reserve Bank is entirely a matter for the Central Board of the Bank.

Dr. Ziauddin Ahmad : Will the Government collect the information on this point ?

The Honourable Sir James Grigg : No, Sir.

Dr. Ziauddin Ahmad : Why ?

The Honourable Sir James Grigg : Government have no responsibility for the staff and it would be rather a waste of money to collect information which in any case so far as Government action is concerned can never have any relevance.

Dr. Ziauddin Ahmad : May I draw the attention of the Honourable Member to the assurance given by the then Finance Member while discussing the Reserve Bank Bill that the Government will see that the interests of minorities will not suffer in regard to employment in the Bank.

The Honourable Sir James Grigg : Will the Honourable Member show me the exact terms of such assurance ?

INCREASE IN THE LATE FEE CHARGED ON LETTERS.

183. ***Mr. Lalchand Navalrai :** (a) Will the Honourable Member for Industries and Labour be pleased to state if the late fee chargeable on postal letters has been increased from two pice to one anna in the Railway Mail Service trains ; if so, what are the reasons for the increase ?

(b) Since when was the original charge of two pice in force in India ?

(c) Is there any better advantage or service rendered to the public by the late fee being raised ?

(d) Do Government propose to restore the old late fee charges ? If not, why not ?

The Honourable Sir Thomas Stewart : (a) Yes. This was done in order to restrict heavy postings in Railway Mail Service trains at the last moment as such postings cause delay to the whole mail, and are likely to lead to mistakes in sorting.

(b) Definite information is not available, but it was in force in 1895.

(c) Yes. The public have been given the concession of posting their late fee letters in all mail carrying trains and Railway Mail Service Offices without any restriction—a privilege which was not enjoyed in the past.

(d) No, for reasons given at (a) and (c) above.

Mr. Lalchand Navalrai : May I know if the heavy postings have decreased now ?

The Honourable Sir Thomas Stewart : I want notice. I have no details.

Mr. Lalchand Navalrai : Was it only to increase the revenue that this increase was made ?

The Honourable Sir Thomas Stewart : No, Sir.

Prof. N. G. Ranga : May I know if passengers who travel by these mail trains are free to post their letters at the usual rates of postage in the R. M. S. post box ?

The Honourable Sir Thomas Stewart : No, Sir.

Mr. Lalchand Navalrai : May I know if this is a temporary measure ?

The Honourable Sir Thomas Stewart : No, Sir.

Mr. Lalchand Navalrai : Will the Honourable Member inquire into the fact whether there has been a decrease in the heavy postings, and then consider this question again ?

The Honourable Sir Thomas Stewart : We shall certainly inquire as to what have been the results of this measure, but I do not wish to hold out any hope to the Honourable Member that the fee will thereupon be reduced. If that were done the evil would immediately start to grow again.

Mr. Sri Prakasa : Is it not a fact that the "evil", as he calls it, is confined to Calcutta, and will he not consider the desirability of having an enhanced rate for Calcutta and nowhere else ?

The Honourable Sir Thomas Stewart : No, Sir.

MARKING OF POST CARDS TO SHOW THE DATE AND TIME OF THEIR RECEIPT.

184. ***Mr. Lalchand Navalrai :** (a) Is the Honourable Member for Industries and Labour aware that the Director General of Posts and Telegraphs has directed that no postal receipt stamp be marked on postal cards to show the date and time of the receipt of the cards ; if so, has that order been carried into effect in several post offices ?

(b) Is it a fact that objections have been called for from the public against such a system being introduced and several objections have been received ?

(c) Will the Honourable Member for Industries and Labour be pleased to state whether in view of the fact that the postal mark showing date and time is a strong piece of evidence which is often of great help in the determination of disputed cases in Courts, Government are prepared to direct that the old system of marking the postal cards showing receipt dates be restored ? If not, why not ?

The Honourable Sir Thomas Stewart : (a) Yes. The revised procedure has been introduced as a tentative measure for a period of one year, with effect from the end of April, 1937.

(b) No, but eight protests from members of the public have been received.

(c) The space available for the official marks of the Post Office is limited on postcards, and it was found that the written communications were frequently rendered illegible owing to date stamp impressions.

In order to avoid this it was decided that in the case of postcards there should be only one stamp impression, namely, that of the obliterating stamp of the office of posting. After the expiry of the experimental period the whole position will be reviewed in the light of the experience gained, and the objection put forward by the Honourable Member will be given full consideration before a final decision is come to.

Mr. Lalchand Navalrai : Is the Honourable Member aware that there is a likelihood and danger of postmen not delivering these postcards in time ?

The Honourable Sir Thomas Stewart : I am not so aware.

Mr. N. M. Joshi : May I ask whether this practice will lead to any saving of money to the department ?

The Honourable Sir Thomas Stewart : Infinitesimal, I should say.

Prof. N. G. Ranga : Why was it introduced ?

The Honourable Sir Thomas Stewart : I have just explained that.

RESTRICTION ON THE RECRUITMENT AGE IN THE POSTAL DEPARTMENT.

185. ***Mr. Lalchand Navalrai :** (a) Will the Honourable Member for Industries and Labour be pleased to state if the recruitment age in the Postal Department of the new entrants has been restricted between 19 and 21 years ?

(b) Is it a fact that the Director of Posts and Telegraphs for Sind and Baluchistan has advertised that an entrance examination for the recruitment of subordinates of the Postal Department will be held in September 1937 and that only persons of age from 19 to 21 will be eligible ?

(c) Will Government be pleased to state the reasons for such drastic restriction of age and is Government aware that no higher educated candidate than a matriculate can appear for such entrance examinations ?

(d) Do Government propose to reopen the old system of recruitment of subordinate service ? If not, why not ?

The Honourable Sir Thomas Stewart : (a) Yes, in the case of admission to the services of clerks, Railway Mail Service sorters, telephone operators and telegraphists.

(b) Yes.

(c) As regards the first part, the Honourable Member is referred to the reply given in this House on the 16th October, 1936, to part (c) of Mr. N. M. Joshi's unstarred question No. 199. As regards the second part, the answer is in the negative.

(d) No ; for reasons stated by my predecessor in the reply to which reference has already been made.

Mr. Lalchand Navalrai : Does this apply to clerks also who draw about 40, 50 or 60 rupees ?

The Honourable Sir Thomas Stewart : It applies to clerks, railway mail sorters, telephone operators and telegraphists.

Mr. T. S. Avinashilingam Chettiar : May I know whether this applies to new entrants or old entrants who are acting ?

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The Honourable Sir Thomas Stewart : It applies to new entrants. In order to cover the transition period we have given certain relaxations for the benefit of those of greater age who have already been employed for certain periods as temporary hands.

Mr. T. S. Avinashilingam Chettiar : May I know what those relaxations are ?

The Honourable Sir Thomas Stewart : I will read them to the Honourable Member. I—(a) Candidates who have an aggregate service of not less than 12 months prior to the 15th July last will be exempted, under the authority of the head of the circle in which they are serving, from appearing at the competitive examination, provided that, (a) they qualified in the previous entrance tests, (b) that they have a good record, and (c) that the head of the circle is satisfied that they are fully competent. These candidates will be confirmed in existing vacancies or vacancies hereafter arising, subject to the prescribed communal rotation, before any recruits who qualify in the ensuing competitive examination. II—(b) The upper age of 21 years prescribed for outside candidates should be relaxed in favour of candidates at present working who have qualified in a former entrance test or worked satisfactorily for an aggregate period of not less than four months prior to the announcement of the holding of the examination and are not 24 years of age at the date of the examination. In the case of such candidates the examination should be a qualifying one and not a competitive one and they should be considered for 50 per cent. of the vacancies reserved for departmental candidates.

RESTORATION OF ORIGINAL PENSIONS AFTER REALISATION OF THE AMOUNT OF COMMUTATION WITH INTEREST.

186. ***Mr. Sham Lal :** (a) Will the Honourable Member in charge of Finance be pleased to state whether it is a fact that if a Government servant is allowed to commute a part of his pension, he is a loser after the age of 70, i.e., the deductions from his pension are more than the commuted amount paid to him at the time of retirement ?

(b) Are Government prepared to consider the advisability of making a rule that the original pension may be restored after the commuted amount with interest has been realized by deduction from pensions ?

(c) Is it a fact that there is such a rule in force in Madras with regard to pensions drawn from local funds ?

The Honourable Sir James Grigg : (a) I would refer the Honourable Member to the reply given by my predecessor on the 23rd November, 1933, to parts (a) to (c) of starred question No. 1127 by Mr. Gaya Prasad Singh.

(b) No.

(c) Government have no information.

Mr. Mohan Lal Saksena : Will Government make inquiries with regard to part (c) ?

The Honourable Sir James Grigg : No, Sir, because in any case Government are not prepared to give pensioners option in which they cannot lose and may in a great many cases gain.

REPRESENTATION OF THE OLD BOYS OF THE ANGLO-ARABIC COLLEGE AND SCHOOLS, DELHI.

187. ***Mr. M. Asaf Ali :** (a) Has the attention of the Secretary for the Department of Education, Health and Lands been drawn to a representation sent by the old Boys of the Anglo-Arabic College and Schools of Delhi to the Honourable the Chief Commissioner, the full text of which appeared in column 2, page 3 of the *National Call* of Tuesday, the 3rd August, 1937 ?

(b) Is it a fact that the sole administrator of the Itimaduddaulah Endowment is the Chief Commissioner of Delhi ?

(c) If the reply to part (b) is in the affirmative, is it proposed that the Committee appointed by the Chief Commissioner to manage the affairs of the College and the School partly financed by the interest on the Endowment fund, should consist of persons representing the different interests of educational experience pointed out in the representation referred to in part (a) ? If not, why not ?

(d) Will Government please state what steps they propose to take to overhaul the Managing Committee ?

Mr. M. S. A. Hydari : (a) Yes.

(b) to (d). Enquiries have been made and a reply will be furnished on receipt of information.

RESTORATION OF SALT CONCESSIONS.

188. ***Mr. K. Santhanam :** Will the Honourable the Finance Member please state :

(a) whether since 1st April, 1937, any Provincial Government has asked or suggested the restoration of salt concessions of the Gandhi-Irwin Pact in places from which they had been withdrawn ;

(b) if the reply to part (a) be in the affirmative, what action has been taken by the Government of India ;

(c) whether the Government of India still adhere to the policy indicated in reply to a supplementary question published on page 1084 of the Assembly Debates, dated the 26th February, 1937, that the advice of local authorities will be invariably accepted ;

(d) whether Government have noted the suggestion of Mahatma Gandhi that the Provincial Governments should take steps to restore the concessions ; and

(e) whether Government propose to consider the desirability of clarifying the position in consultation with Mahatma Gandhi and the Provincial Governments ?

The Honourable Sir James Grigg : (a) Yes, the Government of Madras have asked for the restoration of salt concessions. In doing so, they indicated that they would raise no objection to the concessions

being again withdrawn from any area if experience should show that it was being widely abused in such area.

(b) The proposal has been accepted and orders restoring the concessions are under issue.

(c), (d), and (e). In view of what I have just said perhaps I may assume that the Honourable Member will not object to these questions being treated as not arising.

Mr. T. S. Avinashilingam Chettiar : May I know which Governments have applied ?

The Honourable Sir James Grigg : Only Madras, to the best of my recollection.

Prof. N. G. Ranga : Will Government wait till the Government of Bombay also applies for similar concessions, or will they try to extend these concessions to the places from which they have been withdrawn ?

The Honourable Sir James Grigg : I do not quite follow the Honourable Member's suggestion. Is it that I should tell the Government of Madras, contrary to what I have told them, that they had better hold up the concessions until other Governments apply ?

Prof. N. G. Ranga : In view of the fact that the Government of India have thought fit to extend these concessions to those places from which they were withdrawn in the Madras Presidency, will Government consider the advisability of extending them to other Presidencies also, particularly Bombay ?

The Honourable Sir James Grigg : If other Governments apply and are prepared to give the same assurances and promises as the Madras Government has given, the matter will certainly be considered sympathetically.

AMENDMENT OF POSTAL INSURANCE RULES.

189. ***Mr. K. Santhanam :** Will the Honourable Member for Industries and Labour please state :

(a) whether any action has been taken in pursuance of the reply of Sir Frank Noyce to question No. 444 (e) published in page 1086 of the Assembly Debates, Volume II, No. 4, dated the 26th February, 1937, regarding the amendment of Postal Insurance Rules ; and

(b) if the reply to part (a) be in the affirmative, whether he will place a copy of the amended rules on the table ?

The Honourable Sir Thomas Stewart : (a) and (b). The matter has been under examination, and a decision is expected shortly. A statement will be placed on the table in due course.

Mr. K. Santhanam : May I know why they are taking such a long time over this simple matter ?

The Honourable Sir Thomas Stewart : It has been a matter that has required considerable consideration (Laughter.)

PROVISIONS OF THE UNBENEFICIAL OCCUPATION OF LANDS BILL INTRODUCED • IN THE SOUTH AFRICAN PARLIAMENT.

190. ***Mr. Mohan Lal Saksena :** (a) Will the Secretary for Education, Health and Lands be pleased to state if Government have received any information regarding the provisions of the Unbeneficial Occupation of Lands Bill shortly introduced in the South African Parliament ?

(b) Have Government received any representations against the said Bill from our countrymen there ? If so, what action has been taken to safeguard their legitimate interests ?

Mr. M. S. A. Hydari : (a) and (b). The Bill was passed by the Union Parliament during its last session and has become law. The Act provides that the Minister may expropriate land in unbeneficial occupation provided that he must leave the owner so much land as will support himself and his dependents according to a reasonable standard of living. The Act is of general application and the local Indian Community apprehended possible hardship and danger if it were applied strictly to petty Indian farmers in the Province of Natal. Necessary representations were made to the Minister who gave a written assurance that the 'standard of living' would have reference to the standard which obtains amongst the particular class of people in any specific instance. He has also agreed not to apply the Act to Indians unless at the suggestion of some responsible body having for its care the maintenance or the betterment of that community as a whole. He has also agreed to consult the Agent General for India in any action he may take affecting Indians.

Mr. B. Das : Has any case arisen so far against any Indian ?

Mr. M. S. A. Hydari : Not that I am aware of.

SITUATION IN ZANZIBAR.

191. ***Mr. Mohan Lal Saksena :** (a) Will the Secretary for Education, Health and Lands be pleased to make a statement regarding the situation in Zanzibar ?

(b) Before giving their approval to the amendments in the Clove Growers Association Bill, did Government consult any Indian representatives either in India or in Zanzibar ? If so, who were they ? If not, what justification did Government have in stating that they had the support of Indian public opinion as well as the Standing Emigration Committee ?

(c) Are Government aware of the decision of Indians in Zanzibar to resort to passive resistance ? If so, what will be the attitude of Government in the matter ?

(d) Have Government considered the question of appointing an Agent for Zanzibar ? If so, when is the Agent likely to be appointed ?

Mr. M. S. A. Hydari : (a) The Honourable Member's attention is invited to my reply to Mr. Avinashilingam Chettiar's starred question No. 169 on the 25th August, 1937.

(b) The Honourable Member presumably refers to the Zanzibar Clove (Purchase and Exportation) Decree, 1937. Before expressing

their views on its provisions, the Government of India consulted the Standing Committee on Emigration of the Indian Legislature and the Council of the Imperial Indian Citizenship Association, Bombay, and also obtained a copy of a memorandum submitted to the Government of Zanzibar by the Indian National Association, Zanzibar. Government did not make such a statement.

(c) The reply to the first part is in the affirmative. As regards the second part, Government consider the present scheme should be given a fair trial.

(d) Yes, in East Africa, including Zanzibar. I cannot say.

Mr. S. Satyamurti : With reference to the answer to part (b) of the question, did Sir Muhammad Zafrullah Khan or Sir Girja Shankar Bajpai, who at the time were in London, inform the Colonial Office that the Government of India had no objection or rather approved of the arrangements which were sought to be made and which are now in force, and if so, did they consult the Government of India?

Mr. M. S. A. Hydari : The conversations which Sir Muhammad Zafrullah Khan and Sir Girja Shankar Bajpai had in London are confidential, and I cannot give an answer one way or another.

Mr. S. Satyamurti : I am asking whether, in those conversations, Sir Muhammad Zafrullah Khan and Sir Girja Shankar Bajpai had any authority from the Government of India to give any assurance to the Colonial Office on behalf of the Government of India.

Mr. M. S. A. Hydari : I very much regret I cannot answer that.

Mr. President (The Honourable Sir Abdur Rahim) : The matter has been fully discussed already.

REPRESENTATION FROM INDIANS IN MALAYA REGARDING THE RECOMMENDATIONS OF THE RIGHT HONOURABLE MR. SASTRI.

192. ***Mr. Mohan Lal Saksena :** Will the Secretary for Education, Health and Lands be pleased to state if Government have received any representation from Indians in Malaya regarding the recommendations of the Right Honourable Mr. Sastri? If so, what action, if any, do they propose to take thereon?

Mr. M. S. A. Hydari : Yes. Government have examined it and taken it into consideration in their correspondence with the Malay Governments.

Mr. S. Satyamurti : In their correspondence, have they brought up the question of wages and the question of housing for Indian labourers, as also the question of sex ratio among the emigrants?

Mr. M. S. A. Hydari : I should like to have notice.

ANTI-INDIAN FEELINGS IN CEYLON.

193. ***Mr. Mohan Lal Saksena :** Will the Secretary for Education, Health and Lands state if Government are aware of the difficulties which Indians are facing in Ceylon because of the anti-Indian feelings there?

If so, what steps have they taken to safeguard the legitimate interests of Indians there?

Mr. M. S. A. Hydari : Government are aware that Indians in Ceylon are not wholly satisfied with their position. They maintain close touch with all developments affecting Indians through their Agent and take such action as the needs of a particular case require.

Seth Govind Das : Have they taken any action in this respect till now?

Mr. M. S. A. Hydari : In respect of what?

Seth Govind Das : In respect of their treatment there, because the Government say they are not satisfied. Have they received any complaints about their dissatisfaction, and have they taken any steps to remove that dissatisfaction?

Mr. M. S. A. Hydari : For example, in regard to the Village Communities Bill we have made representations to the Ceylon Government. That is one item.

Seth Govind Das : What has been the result of that representation?

Mr. M. S. A. Hydari : It is under consideration.

Seth Govind Das : How long will it take to come to a decision?

Mr. M. S. A. Hydari : I can't say.

CONSTITUTION OF CENTRAL BOARDS OR BODIES OF AN ALL-INDIA CHARACTER.

194. ***Mr. C. N. Muthuranga Mudaliar :** Will the Secretary for Education, Health and Lands be pleased to state :

- (a) the number and designation of Central Boards or bodies of an All-India character which has been brought into existence since the report of the first Round Table Conference ;
- (b) whether any more are in contemplation, and if so, what they are and why it is proposed to bring them into existence ;
- (c) whether it is not a fact that the subjects which the existing bodies discuss at their meetings are those which under the new Constitution are the exclusive concern of the Provincial Governments ;
- (d) if so, whether there is not duplication of effort ;
- (e) whether he is aware that there is a widespread feeling that these Central bodies are an unnecessary superfluity ;
- (f) whether before the several bodies were constituted, the Local Governments were consulted, and if so, whether there was unanimity in regard to the proposals of the Government of India, and if not, in what respect was their divergence, and how in that case the various bodies were brought into existence ;
- (g) whether, in view of the fact that the Governments in the Provinces are now responsible to the Legislatures, unlike their

predecessors, he would consult them in regard to these Boards so that they may have an opportunity of reviewing the proposals in the light of the present day Provincial opinion and Provincial needs; and

(h) the cost to the tax-payer involved in the constitution of the various Boards (to be given separately for each Board) ?

Mr. M. S. A. Hydari : (a), (b), (f) and (h). A statement is laid on the table.

(c) and (d). No. While many of the subjects to be discussed will be the concern of the Provinces, subjects concerning Federal Agencies and Institutes for research will also be considered. There will in reality be no duplication of effort. The bodies will assist in the formulation of common policies and will serve as clearing houses of ideas and bureaux of information for the Provinces as well as for the Centre.

(e) No.

(g) No.

Statement regarding Central Boards, etc.

	Whether local Gov- ernment were consulted.	Whether local Gov- ernments were unani- mous or not.	Cost.
I. Central Boards or Bodies in existence.			
(i) The Indian Central Jute Committee.	Yes	Yes	Not exceeding Rs. 5 lakhs a year.
(ii) The Central Advisory Board of Health.	Yes	Yes	Rs. 10,000 annually.
(iii) The Medical Council of India.	Yes	Yes	Rs. 69,000 in 1937-38.
(iv) The Central Advisory Board of Education in India.	Yes	Yes	Rs. 25,600 in 1937-38.
(v) The Inter-Provincial Board for Anglo-Indian and European Education.	Yes	Yes	Rs. 30,000 annually. Central Government contribute Rs. 3,473 only.
II. Central Boards, etc. under contemplation.			
The Central Sugar Committee	Under consultation at present.		Rs. 5 lakhs (proposed).

Mr. T. S. Avinashilingam Chettiar : May I know the number in (a) ?

Mr. M. S. A. Hydari : Five.

Mr. T. S. Avinashilingam Chettiar : In (b) ?

Mr. M. S. A. Hydari : One.

Mr. T. S. Avinashilingam Chettiar : What is that ?

Mr. M. S. A. Hydari : The Sugar Committee.

Mr. B. Das : Do Government contemplate to have an Inter-Provincial Waterway Board as provided in the Government of India Act ?

Mr. M. S. A. Hydari : That does not concern me. It should be addressed, I think, to the Honourable the Industries Member.

REPORT OF MR. S. S. MARKHAM ON THE MUSEUMS IN INDIA.

195. ***Mr. C. N. Muthuranga Mudaliar :** Will the Secretary for Education, Health and Lands be pleased to state with reference to starred question No. 6 asked on the 25th January, 1937 :

(a) whether any action has been taken regarding the supply of copies of the report of Mr. S. S. Markham on the museums in India to the members of this House ;

(b) what action has been taken on the various recommendations contained in the report ;

(c) whether it is proposed to make an appointment of Inspector General to supervise the work in regard to museums ; and

(d) if so, whether they have taken into account the fact that the Director General of Archaeology can well do the duties which it is proposed to assign to the Inspector General himself ?

Mr. M. S. A. Hydari : (a) A copy of the report has been placed in the Library of the House.

(b) The report and its recommendations have been carefully studied and are under consideration. Action has already been taken in regard to Central museums and some, I may inform the Honourable Member, had already been taken in relation to museums under this Department before the Markham report appeared.

The responsibility in relation to the great bulk of museums and specially those criticised in the report lies in the Provinces alone. The Government of India are anxious to give all the help in their power and have asked the Provinces (and also States) whether they would be prepared to send representatives to a museums conference at Delhi in the ensuing cold weather. If they do and the conference is held, it should contribute substantially to fulfilling the desire which the Government of India share with the Honourable Member for raising the standard and efficiency of museums in India.

(c) No.

(d) Does not arise.

Mr. S. Satyamurti : Will Government be pleased to supply copies of this Report to all Members of the Assembly ?

Mr. M. S. A. Hydari : Sir, it is not a Government publication. Each copy costs Rs. 5. I have had copies placed in the Library of the House. It would be very expensive to supply a copy to each Honourable Member.

Mr. S. Satyamurti : Whose publication is it ?

[30TH AUG. 1937.]

Mr. M. S. A. Hydari : It is a publication of the Empire Museums Association. The inquiry was financed by the Carnegie Trust.

Prof. N. G. Ranga : Has any action been taken on the many abuses that exist in the administration of the Calcutta Museum, and to which reference is made in that Report ?

Mr. M. S. A. Hydari : I have answered that question generally.

Prof. N. G. Ranga : I want to know whether any action has been taken on this in regard to the Calcutta Museum ?

Mr. M. S. A. Hydari : I have no information.

BUDGET ALLOTMENT FOR THE ARCHÆOLOGICAL DEPARTMENT.

196. ***Mr. C. N. Muthuranga Mudaliar :** Will the Secretary for Education, Health and Lands please state :

(a) the existing allotment in the budget of the Government of India in respect of the Archæological Department for the year 1937-38 ;

(b) how it compares with that during the years before the Retrenchment of 1932, say, in 1930 and 1933 ;

(c) whether he proposes to increase the existing allotment for the Department so as to provide for the increase in the activities of the Department ; and

(d) whether he is aware of the widespread feeling in the country that the Archæological Department is being starved and is consequently unable to do as much as is desirable ?

Mr. M. S. A. Hydari : (a) and (b). A statement is laid on the table.

(c) and (d). The question of increasing the existing grant of the Department with a view to financing certain Archæological schemes is already under consideration.

Statement showing the sanctioned Budget Grant for the Archæological Department for the Years 1930-31, 1931-32, 1932-33, 1933-34, and 1937-38.

Year	1937-38.	1930-31.	1931-32.	1932-33.	1933-34.
Rupees	11,45,000	17,03,000	16,01,000	10,20,000	10,35,000

Prof. N. G. Ranga : What is the answer to part (d)—whether he is aware of the widespread feeling in the country that the Archæological Department is being starved and is consequently unable to do as much as is desirable ?

Mr. M. S. A. Hydari : That is a reason why we are considering the question of increasing its grant.

CREATION OF POSTS OF UNDER SECRETARIES IN THE DEPARTMENT OF EDUCATION, HEALTH AND LANDS.

197. ***Mr. C. N. Muthuranga Mudaliar :** Will the Secretary for Education, Health and Lands please state :

(a) whether he is aware that under the new constitution the subjects dealt with in his Department are those over which Provincial Governments have complete control, and if so, whether he has considered the question of the reduction of the officers and staff of his Department to meet the reduced work that has resulted ;

(b) whether it is a fact that it is proposed to appoint two Under Secretaries to the Department shortly, and if so, what is the necessity for them, especially in view of part (a) above ;

(c) whether it is proposed that the officers referred to above should have had previous experience in the Provincial Secretariats and if not, whether it is expected that they can be of much use in their new sphere of activities ;

(d) whether it is not a fact that the appointment of Under Secretaries will mean going back on the recommendations of the Retrenchment Committee, 1931, and if so, what is the justification ;

(e) the period for which the officers now proposed to be recruited will be kept in the Department ;

(f) whether it is a fact that the creation of posts of Under Secretaries in the Department of Education, Health and Lands is to give opportunity for training to young officers of the Indian Civil Service in administration ;

(g) whether these posts are not new posts and as such whether they will increase the existing number of Indian Civil Service posts and to that extent the total expenditure on items which are non-votable ; and

(h) whether Government are aware of the impression that the creation of posts of this kind is not part of a plan to increase the number of Indian Civil Service posts with a view to appointment of an increasing number of Europeans ?

Mr. M. S. A. Hydari : (a) It is only some of the subjects with which this Department deals that can be termed Provincial subjects. There has been no reduction in the work of the Department. On the other hand the work shows signs of increasing.

(b) Yes. One Under Secretary has recently joined. The appointments are necessary partly because of increased work in the Department and also as part of a provisional scheme by which there shall, in future, be available a sufficient number of officers serving with the Provinces with experience of administration in the Central Government to provide the superior Secretariat staff of the Central Government.

(c) Previous Secretariat experience is desirable but not essential. The latter half of the question asks for an expression of opinion.

(d) The General Purposes Sub-Committee of the Retrenchment Advisory Committee in their Report in 1931 did not recommend the abolition of any post of Under Secretary in this Department.

(e) Three years.

(f) As will be seen from the reply to part (b) this is one of the objects of these appointments.

(g) The posts are new. It has not been decided whether they should be added to the permanent cadre of the Indian Civil Service.

(h) Assuming that the word "not" in this part of the question is a mistake, the answer is in the negative.

Seth Govind Das : The Honourable Member has just said that the work is gradually increasing. May I know, when these departments are practically provincial departments, what is the reason of this increase of work?

Mr. M. S. A. Hydari : More references are received now. As I have said in answer to Mr. Muthuranga Mudaliar's question, there is still a great necessity for the work of co-ordination even in activities which are primarily provincial, and it falls to this Department to act as such co-ordinating authority.

Mr. S. Satyamurti : With reference to the answer to part (b) of the question, may I know whether there is any scheme for training a large or a small number of junior civilians in the various departments for secretariat work, in the Central Government, and whether this is part of that scheme?

Mr. M. S. A. Hydari : I have already answered. There is a provisional scheme.

Mr. S. Satyamurti : May I know how many appointments this scheme contemplates?

Mr. M. S. A. Hydari : I must ask for notice of that question.

Mr. S. Satyamurti : May I know whether these two appointments have been assigned to the Education, Health and Lands Department because they wanted these two extra hands for doing their work, or whether these two hands were found work there as part of the general scheme of training them?

Mr. M. S. A. Hydari : It is for both the reasons, partly for one, and partly for the other.

Mr. S. Satyamurti : I want to know particularly whether these two appointments are largely for enabling Secretariat servants to be trained in the various Central Government Departments, or whether it is largely for increase of work?

Mr. M. S. A. Hydari : I am sorry that I cannot allocate its respective weight to each of these reasons.

Mr. Sri Prakasa : Is it not a fact that any increase of work falls heavily on the lower staff and that while there is an increase in the higher staff there is no increase in the lower?

(No reply.)

Mr. Mohan Lal Saksena : With reference to the answer to part (d) of the question, May I know what was the number of Under Secretaries at the time the Committee made the recommendation?

Mr. M. S. A. Hydari : One. There was one sanctioned post but it was not filled.

Mr. Mohan Lal Saksena : Did the Committee make any recommendation for additional Under Secretaries?

Mr. M. S. A. Hydari : No.

Mr. T. S. Avinashilingam Chettiar : What is the number now of Secretaries and Under Secretaries and Joint Secretaries in the Department?

Mr. M. S. A. Hydari : One Secretary, one Joint Secretary, two Deputy Secretaries, two Under Secretaries, and one Assistant Secretary.

REVISION OF THE LIST OF VERNACULAR NEWSPAPERS SUPPLIED WITH PUBLICATIONS ON AGRICULTURE.

198. **Mr. C. N. Muthuranga Mudaliar :** With reference to the answer to starred question No. 14 asked on the 25th January, 1937, will the Secretary for Education, Health and Lands please state the result of his consideration of the question of revising the list of newspapers to whom the publications referred to in my question should be given free?

Mr. M. S. A. Hydari : The list has been examined in consultation with the Provincial Directors of Agriculture and the Director of Public Information and considerably revised and enlarged.

TREATY OF FRIENDSHIP, COMMERCE AND NAVIGATION BETWEEN GREAT BRITAIN AND ZANZIBAR.

199. **Seth Govind Das :** Will the Secretary for the Department of Education, Health and Lands be pleased to state :

- whether Government are aware of the existence of a treaty of friendship, commerce and navigation between Great Britain and Zanzibar signed on 30th April, 1886, which was though abrogated later, yet its terms were embodied in a treaty signed in 1898;
- whether Government's attention has been drawn to Article 4 of that treaty "His Highness the Sultan of Zanzibar binds himself not to allow or recognise the establishment of any kind of monopoly or exclusive privilege of trade within its dominions by any Government, association or individual", etc., etc.;
- whether Government of India raised in course of their negotiations with the Zanzibar Government the question why the Clove Growers Association was established in direct contravention of the said treaty and why so much power has been vested in a body the sole object of which is to discriminate against Indians and thereby eliminate them from the clove trade; and
- if not, why they failed to do this?

Mr. M. S. A. Hydari : (a) The treaty of 1886, referred to by the Honourable Member, was abrogated in 1908. So far as Government are aware its terms were not embodied in any treaty of 1898.

(b) The Honourable Member has correctly quoted the last part of Article IV of the Treaty of 1886.

(c) and (d). As the treaty is no longer in force, Government did not make any reference to it in the course of their negotiations.

CLOVE PLANTATION AND PROTECTION OF THE INTERESTS OF INDIANS IN ZANZIBAR.

200. **Mr. Amarendra Nath Chattopadhyaya :** (a) Will the Secretary for Education, Health and Lands be pleased to lay on the table all correspondence relating to the legislation and to clove plantation in Zanzibar ?

(b) Will the Secretary for Education, Health and Lands be pleased to state if Government have in contemplation any scheme to protect the interests of Indians in Zanzibar ?

(c) Are Government prepared to take any retaliatory measure against Zanzibar Government for legislating against Indian interests in Zanzibar ?

(d) Are Government prepared to take such steps as would influence the Zanzibar Government to treat Indians as their equals in all respects ?

Mr. M. S. A. Hydari : (a) I regret that I am unable to comply with the Honourable Member's request.

(b) and (c). I have nothing to add to the statements made in reply to earlier questions on the subject during this Session, and during the debate on the adjournment motion moved by Mr. S. Satyamurti on the 23rd August last.

(d) I am unable to understand the Honourable Member's question.

Mr. Mohan Lal Saksena : Has the attention of the Government been drawn to the reply issued by the Zanzibar Indian Association to the Government communiqué ?

Mr. M. S. A. Hydari : Yes.

Maulana Shaukat Ali : May I ask in the interest of information if the Honourable Member will let me know if the position of the original inhabitants of Zanzibar is better or worse now ? I have been there to Zanzibar twice and I know it was bad. Is it not a fact that unless this legislation is there to protect them against cleverer people and better organised people from outside they will go to the wall and be ruined ?

Mr. President (The Honourable Sir Abdur Rahim) : I think all these arguments were put forward during the debate. I believe the Honourable Member was not present then.

Maulana Shaukat Ali : Exactly because I was unfortunately absent I ask this question. I am very much interested in that. I want to know whether it is in the interest of any European exploiter or against other exploiters, cleverer people who wanted to ruin the people of the country of the Zanzibar clove-growers.....

Mr. President (The Honourable Sir Abdur Rahim) : The whole question was discussed on the floor of the House the other day and a verdict arrived at.

UNSTARRED QUESTIONS AND ANSWERS.

WOMEN DEBARRED FROM EMPLOYMENT UNDERGROUND IN COAL MINES IN BIHAR AND BENGAL.

32. **Mr. Badri Dutt Pande :** (a) Will the Honourable Member in charge of Industries and Labour state the number of women who have been debarred recently from employment underground in coal mines in the Provinces of Bihar and Bengal ?

(b) Has employment been secured for them elsewhere, or have they been compensated in any other way ?

The Honourable Sir Thomas Stewart : (a) I presume that the Honourable Member wishes to know how many women who were working on 30th June last were excluded from work on the 1st July. I regret that there is no official record of the numbers working on those days. But the total average number of women recorded as working underground in the Bihar and Bengal coal mines, in 1936, was 6,602 and the reduction of the permitted percentage on 1st July would possibly have the effect of reducing the number by about half.

(b) No specific employment has been provided for those women who were excluded at a time when there was a substantial demand for agricultural labour. The Government of India have offered to make certain initial grants to the Governments of Bengal and Bihar towards approved schemes designed to enable such women to find alternative employment.

ESTABLISHMENT OF A FACTORY BY THE BATA COMPANY IN BATA NAGAR NEAR CALCUTTA.

33. **Dr. Ziauddin Ahmad :** (a) Will the Honourable Member in charge of the Department of Industries and Labour please state whether Government are aware that the Bata Company of Czechoslovakia has established a factory and a village by the name of Bata Nagar near Calcutta ?

(b) Is the Company registered in India ? What is the amount of Indian capital in the Company ?

(c) Do the labourers working in Bata Company get the benefit of Geneva Convention regarding hours of work ?

(d) Is it a fact that labourers are compelled to work for 9½ hours which is against the Geneva Convention ?

(e) Does the Company give special remuneration for overtime work ? If so, what are the rates ?

(f) How many times the Factory Inspectors inspected Bata Nagar Factory ?

The Honourable Sir Thomas Stewart : (a) Yes.

(b) Yes. The rupee capital of the Company is Rs. 2,00,000. It is not possible to state how much of this is owned by Indian subscribers.

(c) The Honourable Member is presumably referring to the Washington Hours of Work Convention, 1919. This permits a sixty-hour week in Indian factories and is applicable to this factory. But lower limits than that fixed in the Convention are prescribed by the Factories Act, 1934, which is applicable to this Factory.

(d) I have no particulars of the actual hours but work for 9½ hours on six days of the week would not contravene the Washington Convention if a weekly holiday is granted.

(e) Overtime work beyond certain limits has to be given special remuneration under the Factories Act. I am not in possession of the actual rates.

(f) This is a matter for the Government of Bengal and I regret I cannot furnish information.

EMPLOYEES IN THE VETERINARY RESEARCH INSTITUTE, MUKTESAR.

34. **Dr. Ziauddin Ahmad :** (a) Will the Secretary for the Department of Education, Health and Lands be pleased to state the number of employees in the Veterinary Research Institute, Muktesar, drawing salaries of Rs. 50 per mensem or more, and how many of them are Muslims?

(b) Is it a fact that a few posts have been created recently in the Imperial Veterinary Research Institute? If so, do Government propose to recruit them through the Federal Public Service Commission subject to the Resolution of the Government of India about the recruitment of minorities?

Mr. M. S. A. Hydari : (a) 119 out of whom 27 are Muslims.

(b) Yes. Recruitment is made through the Federal Public Service Commission only to such posts as belong to either class I or class II. Owing to the technical and special qualifications required for such posts the orders regarding communal representation do not apply to them. Steps are however taken, as far as possible, to ensure sufficient representation of minority communities consistent with the requirements of efficiency. Recruitment to other posts is made by the Director, Imperial Veterinary Research Institute, subject to the general orders regarding communal representation.

GRANT TO THE LADY DUFFERIN HOSPITAL, BENARES, AND ADMINISTRATION OF THE LADY DUFFERIN FUND.

35. **Mr. Sri Prakasa :** (a) Will the Secretary for Education, Health and Lands state what the amount of the Lady Dufferin Fund is for hospitals for women and how the same is administered?

(b) How many hospitals are run by this Fund in the United Provinces?

(c) What is the amount of grant given to the Lady Dufferin Hospital at Benares?

(d) What is the amount of subscriptions and donations received from the public for the said hospital?

(e) Are Government aware that the equipments in the said hospital are not sufficient to meet the needs of women in such an important pilgrim centre as Benares?

(f) Are Government prepared to consider the desirability of increasing the grants to the said hospital under both the recurring and non-recurring heads?

Mr. M. S. A. Hydari : (a) The fund amounts to Rs. 8,18,100. It is administered by a Council and an Executive Committee. The total recurring income for 1937 is Rs. 41,000, out of which Rs. 28,140 has been allotted for grants-in-aid to Provinces for hospitals.

(b) 27 hospitals and dispensaries in the United Provinces are under the United Provinces Branch of the Countess of Dufferin's Fund, which is independent of the Central Committee.

(c) Rs. 12,000 per annum as shown below :

	Rs.
(i) Grant from the Central Countess of Dufferin's Fund	1,000
(ii) Pay of a Senior Officer of the Women's Medical Service	6,000
(iii) Pay of an officer of the Training Reserve of the Women's Medical Service	2,000
(iv) Pay of a Sub-Assistant Surgeon and nursing staff paid by the United Provinces Branch of the Dufferin Fund	3,000
	12,000

(d) The subscriptions and donations received during 1936 amounted to Rs. 1,981. The Municipal Board gives a grant of Rs. 2,500 per annum and the District Board Rs. 840.

(e) The authorities of the Countess of Dufferin's Fund are aware of the needs of the Hospital. The Silver Jubilee Fund (Central and Provincial) have recently donated Rs. 19,000 for a new nurses's hostel.

(f) No. The matter is one for the consideration of the authorities of the Countess of Dufferin's Fund and the Provincial Government.

MOTIONS FOR ADJOURNMENT.

MILITARY AID TO BURMA.

Mr. President (The Honourable Sir Abdur Rahim) : Order, order. I have received notice of a motion for the adjournment of this House from Mr. Avinashilingam Chettiar to the effect that he wants to discuss

"a definite matter of urgent public importance, namely, the agreement of the Government of India with Burma to give military aid in all emergencies without any compensating contribution from Burma towards India's military expenditure".

The motion has been disallowed by His Excellency the Governor General on the ground that the motion cannot be moved without detriment to the public interest.

ANDAMANS HUNGER-STRIKE.

Mr. President (The Honourable Sir Abdur Rahim) : I have received notice of two motions for the adjournment of this House with reference to the Andamans hunger strike from Pandit Lakshmi Kanta Maitra. I should like to know if he wants to move any of these motions, especially in view of the fact that the recent communiqué published this morning by the Government of India shows that the hunger strikers have stopped the strike except seven persons.

Pandit Lakshmi Kanta Maitra (Presidency Division : Non-Muhammadan Rural) : May I put in a word or two about these motions ?

Mr. President (The Honourable Sir Abdur Rahim) : I do not want any arguments. If the Honourable Member wants to move any of them, then I shall give my decision.

Pandit Lakshmi Kanta Maitra : In view of the report that has appeared in today's papers that the men on hunger strike have given up their hunger strike, I do not propose to create any heat or embarrassment to the Government. I hope and I have reasons to believe that this matter is engaging the consideration of the Governments concerned. I do not move the motion in the hope that Government will do something tangible and that without delay on this matter.

COMMITTEE ON PETITIONS.

Mr. President (The Honourable Sir Abdur Rahim) : I have to announce that under standing order 80 (1) of the Legislative Assembly Standing Orders the following Honourable Members will form the Committee on Petitions, namely :

1. Sir Leslie Hudson.
2. Mr. M. S. Aney.
3. Mr. M. Ghiasuddin.
4. Mr. Mathuradas Vissanji.

According to the provision of the same Standing Order, the Deputy President will be the Chairman of the Committee.

AGREEMENTS BETWEEN THE RESERVE BANK OF INDIA AND THE GOVERNMENTS OF BIHAR, ORISSA AND THE CENTRAL PROVINCES AND BERAR. AND THE SUPPLEMENTAL AGREEMENT WITH THE IMPERIAL BANK OF INDIA.

The Honourable Sir James Grigg (Finance Member) : Sir, I lay on the table :

- (i) a copy each of the Agreements between the Reserve Bank of India and the Governments of Bihar, Orissa and the Central Provinces and Berar ; and

AGREEMENTS LAID ON THE TABLE.

- (ii) a copy of the Supplemental Agreement between the Reserve Bank of India and the Imperial Bank of India.

Agreement between the Governor of Bihar and the Reserve Bank of India.

AN AGREEMENT made this thirtieth day of June, 1937, BETWEEN THE GOVERNOR OF BIHAR of the one part and THE RESERVE BANK OF INDIA (hereinafter called "the Bank") of the other part WHEREAS the Bank was constituted and incorporated and is regulated by the Reserve Bank of India Act, 1934 (being Act No. II of 1934) (hereinafter called "the Act") as adapted and modified pursuant to the Authority contained in Section 293 of the Government of India Act, 1935 by an Order of His Majesty in Council dated the eighteenth day of March 1937 cited as the India and Burma (Burma Monetary Arrangements) Order, 1937 with and subject to the various powers, provisions and restrictions in and by the Act set forth and it was thereby *inter alia* particularly provided as follows, *etc.* :

- (1) by section 20 of the Act that the Bank should undertake to accept monies for account of Provincial Governments and to make payments up to the amount standing to the credit of their accounts and to carry out their exchange, remittance and other banking operations including the management of the public debt, and
- (2) by section 21 (1) of the Act that Provincial Governments should entrust the Bank on such conditions as might be agreed upon with all their money, remittance, exchange and banking transactions in India and, in particular, should deposit free of interest all their cash balances with the Bank provided that nothing in that sub-section should prevent Provincial Governments from carrying on money transactions at places where the Bank has no branches or agencies and that provincial Governments might hold at such places such balances as they may require and
- (3) by section 21 (2) of the Act that provincial Governments should entrust the Bank, on such conditions as might be agreed upon, with the management of the public debt and with the issue of any new loans.

NOW IT IS HEREBY MUTUALLY AGREED AND DECLARED by and between the said parties hereto as follows, that is to say :

1. This agreement shall be deemed to have come into force on the first day of April 1937.
2. The general banking business of the Government of Bihar (hereinafter referred to as "the Government") including the payment, receipt, collection and remittance of money on behalf of the Government shall be carried on and transacted by the Bank in accordance with and subject to the provisions of this agreement and of the Act and with and to such orders and directions as may from time to time be given to the Bank by the Government through any Government officer or officers authorized by the Government in that behalf and at any of the offices, branches or agencies of the Bank for the time being in existence as may from time to time be so directed and for this purpose such accounts shall be kept in the books of the Bank and at such offices, branches or agencies of the Bank as shall be necessary or convenient or as the Government shall from time to time direct in the manner aforesaid.
3. The Government shall employ the Bank as the sole Banker in India of the Government who shall deposit or cause to be deposited with the Bank or allow the Bank to receive and hold as banker the whole of its cash balances at any places at which for the time being the Bank shall have an office, branch or agency and the Bank shall subject to such orders as may from time to time be given by the Government in the manner aforesaid receive and hold for the Government all such monies as may be or become payable to the Government or on its account and the Bank shall transact at its offices, branches and agencies for the time being existing respectively all such business for the Government regarding the receipt, collection, payment and remittance of money and other matters, as is usually transacted by bankers for their customers. The Bank shall make the said monies at the said offices, branches and agencies available for transfer to such places and at such times as the Government may direct. No interest shall be payable to the Government on any of the monies for the time being held by the Bank.

4. The management of the rupee public debt of the Government and the issue of new rupee loans by the Government and the performance of all the duties relating thereto respectively including the collection and payment of interest and principal and the consolidation, division, conversion, cancellation and renewal of securities of the Government and the keeping of all registers, books and accounts and the conduct of all correspondence incidental thereto shall be transacted by the Bank at its offices in Bombay, Calcutta and Madras and at any of its offices, branches or agencies at which respectively the administration of any portion or portions of the public debt of the Government is for the time being conducted or interest thereon is for the time being payable and the Bank shall also keep and maintain such registers, books and accounts in respect of the said public debt as the Government may from time to time direct and shall audit all payments of such interest and act generally as agents in India for the Government in the management of the said public debt and shall conduct such agency subject to such orders and directions with regard to the general management thereof as may from time to time be given to the Bank by the Government.

5. The Bank shall not be entitled to any remuneration for the conduct of the ordinary banking business of the Government other than such advantage as may accrue to it from the holding of the Government cash balances free of obligation to pay interest thereon, and such balances shall be maintained at an amount not below such minimum as may be agreed upon between the Government and the Bank from time to time.

Provided that if the Government wishes to remit funds outside the area within its jurisdiction except as otherwise provided for in this agreement the Bank shall be entitled to make a charge for such remittances at rates not exceeding those which the Bank charges to Banks referred to as "scheduled banks" in Section 42 of the Act, subject to a minimum charge of four annas for each remittance.

6. The Bank shall make ways and means advances to the Government if so required at such rate of interest not exceeding bank rate as may be fixed by the Bank from time to time, provided that the total of such advances outstanding at any one time shall not exceed the amount of the minimum balance prescribed under Clause 5 and any subsidiary agreement provided under the Clause and provided further that the advances outstanding shall be fully paid off at intervals not exceeding three months.

7. The Government shall employ the Bank as its sole agent for investments by Government either of Government funds or of funds managed by the Government and the Bank shall be entitled to charge commission for sales (but not for conversions) at the rate of 1/16 per cent. in addition to any further charges which the Bank may have to pay by way of brokerage, etc. The Bank shall collect interest and the maturity values of such investments on behalf of the Government without charge.

8. As remuneration to the Bank for the management of the public debt as aforesaid the Bank shall be entitled to charge to the Government half-yearly a commission at the rate of Rs. 2,000 per crore per annum on the amount of the public debt as aforesaid at the close of the half-year for which the charge is made. In calculating this charge the following amount shall be excluded from the amount of public debt, viz. :

- (a) The amounts of loans discharged outstanding after one year from the date of a notice of discharge.
- (b) The amount of stock certificates for Rs. 50,000 and upwards held by the Government or by any officer or officers of the Government authorised in that behalf, provided that such amount exceeds one crore.

And in addition to the charge of Rs. 2,000 per crore per annum the Bank shall be entitled to charge to the Government a fixed sum of Rs. 2,000 a year on account of the stock certificates referred to in head (b) of this Clause and the Bank shall be also entitled to charge the public (but not the Government) all such fees and charges as are now or may hereafter from time to time be prescribed by the Governor-General under the powers conferred upon him by the Indian Securities Act, 1920 (Act No. X of 1920), for duplicate securities and for the renewal issues.

AGREEMENTS LAID ON THE TABLE.

775

Provided that loans not directly issued by the Government but issued under the guarantee of the Government shall not be included in the calculation for the purpose of this Clause but shall be a matter for separate arrangement if the management of such loans is entrusted to the Bank.

9. The Bank shall maintain currency chests of its issue Department at such places within the Province of Bihar as the Government may, with the previous sanction of the Central Government, prescribe and the Government shall provide sufficient accommodation for such chests as may be required for the deposit of notes or coin and shall be responsible to the Bank for the safe custody of the said chests, notes and coin. The Bank shall keep the said chests, supplied with sufficient notes and coin to provide currency for the transactions of the Government and reasonable remittance facilities to the public at the said places. The Government shall supply the Bank with such information and returns as the Bank may from time to time require as to the composition of the balances in the said chests and the amount and nature of the transfers to and from the said chests. The Bank shall have access to the said chests at all reasonable times for the purpose of inspecting and checking the contents. The Government shall be responsible to the Bank for the examination and correctness of coin or notes at the time of deposit in or withdrawal from the said chests.

10. The Bank shall not be at liberty to close any of its offices or branches except on Sundays, New Year's Day, Christmas Day, Good Friday and on any other day declared to be a public holiday by any notification published in pursuance of the Negotiable Instruments Act (Act XXVI of 1881) subject nevertheless and notwithstanding the provisions of that Act to any special orders or directions which may be issued by the Government and the Bank shall be responsible that no one of its agencies doing Government business for the time being existing shall be closed except on Sundays and on public holidays authorised by the Government within whose jurisdiction such agencies may be respectively situated.

11. The responsibility for all loss or damage to the Government which may result from any act or negligence or omission of the Bank or its agents in conducting the business of the public debt aforesaid or the payment of interest or discharge value thereon or the renewal, conversion, consolidation, subdivision or cancellation of any Government securities shall rest with and be borne by the Bank provided however that it shall not be incumbent on the Bank to verify signatures and endorsements on Government Securities which *prima facie* appear to be in order and in the acceptance of which the Bank shall not be guilty of any negligence and in such cases no liability shall be incurred by the Bank in respect thereto. PROVIDED ALSO that in regard to the ordinary banking business at the offices, branches and agencies of the Bank of receiving and realising money and securities for money on account of the Government and paying cheques, orders, draft bills and other documents whether negotiable or not in the Bank's capacity of bankers for the Government and whether such business be done by the Bank or by agencies on its behalf the responsibility to the Government shall be that of the Bank and such responsibility shall be that of a banker to an ordinary customer.

12. The Bank shall remit on account of the Government between India and London such amounts as may be required by it from time to time at the market rate of the day for telegraphic transfers, subject to the proviso that if a large transfer has to be effected in connection with the flotation or repayment of a sterling loan or analogous operation, and if it is considered by either party to be inappropriate to apply the rate of a single day, an average rate based on a longer period may be fixed by agreement between the two parties.

13. This agreement may be determined by either party giving to the other party one year's notice in writing expiring on the 31st day of March in any year, such notice if given by or on behalf of the Government to be addressed to the Governor of the Bank and to be served by leaving the same with the Head Office of the Bank or addressing the same to him at the Head Office of the Bank by registered post and if given by the Bank to be served by leaving the same with or addressing the same by registered post to the Secretary to the Government in the Finance Department and immediately upon the expiration of such notice this agreement shall absolutely cease and determine save as to rights or liabilities acquired or incurred prior to such termination.

14. In the event of any dispute arising as to the terms and conditions of this agreement, or as to the rights or obligations of the parties hereto such dispute or

difference of opinion shall, in the event of the parties hereto failing to reach an agreement, be referred to the Governor-General whose decision shall be final and binding as between the parties hereto.

15. Nothing in this agreement shall operate to affect in any way the obligations imposed either on the Government or on the Bank by or under the Act or any subsequent amendment or amendments of the Act.

16. The Bank shall be entitled to perform all or any of the matters contained in this agreement through such agency or agencies as may be prescribed by the Act or any amendment thereof or as may be approved by the Government.

IN WITNESS WHEREOF Henry Carlos Prior, Secretary to the Government of Bihar in the Finance Department by the order and direction of the Governor of Bihar has hereunto set his hand and the common seal of the Reserve Bank of India pursuant to a Resolution of its Central Board has been hereunto affixed in the presence of its subscribing officials the day and year first above written.

Signed by the said Henry Carlos Prior, Secretary to the Government of Bihar in the Finance Department for and on behalf of the Governor of Bihar in the presence of C. S. Jha, Under-Secretary to the Government of Bihar, Finance Department, Patna.

(Sd.) H. C. PRIOR,
Secretary to the Government
of Bihar, Finance
Department.

(Sd.) C. S. JHA,
Under-Secretary to the Government of
Bihar, Finance Department, Patna.

Common Seal
of the
Reserve Bank
of India.

The Common Seal of the Reserve Bank of India was affixed hereto in the presence of Sultan Meherally Chinoy and Devidas Madhowji Thakersey two of its Directors and Sir James Braid Taylor, Kt., C.I.E., its Deputy Governor.

(Sd.) SULTAN CHINOI,
(Sd.) DEVIDAS MADHOWJI
THAKERSEY,
Directors.
(Sd.) J. B. TAYLOR,
Deputy Governor.

Agreement between the Governor of Orissa and the Reserve Bank of India.

AN AGREEMENT made this sixteenth day of June 1937 BETWEEN THE GOVERNOR OF THE PROVINCE OF ORISSA of the one part and THE RESERVE BANK OF INDIA (hereinafter called "the Bank") of the other part WHEREAS the Bank was constituted and incorporated and is regulated by the Reserve Bank of India Act, 1934 (being Act No. II of 1934) (hereinafter called "the Act") as adapted and modified pursuant to the Authority contained in Section 293 of the Government of India Act 1935 by an Order of His Majesty in Council dated the eighteenth day of March 1937 cited as the India and Burma (Burma Monetary Arrangements) Order 1937 with and subject to the various powers, provisions and restrictions in and by the Act set forth and it was thereby *inter alia* particularly provided as follows, viz.,

(1) by section 20 of the Act that the Bank should undertake to accept monies for account of Provincial Governments and to make payments up to the amount standing to the credit of their accounts and to carry out their exchange, remittance and other banking operations including the management of the public debt and

(2) by section 21 (1) of the Act that Provincial Governments should entrust the Bank on such conditions as might be agreed upon with all their money, remittance, exchange and banking transactions in India, and, in particular, should deposit free of interest all their cash balances with the Bank provided that nothing in that sub-section should prevent Provincial Governments from carrying on money transactions at places where the Bank has no branches or agencies and that provincial Governments might hold at such places such balances as they may require and

(3) by section 21 (2) of the Act that provincial Governments should entrust the Bank, on such conditions as might be agreed upon, with the management of the public debt and with the issue of any new loans.

NOW IT IS HEREBY MUTUALLY AGREED AND DECLARED by and between the said parties hereto as follows, that is to say :

1. This agreement shall be deemed to have come into force on the first day of April 1937.

2. The general banking business of the Government of Orissa (hereinafter referred to as "the Government") including the payment, receipt, collection and remittance of money on behalf of the Government shall be carried on and transacted by the Bank in accordance with and subject to the provisions of this agreement and of the Act and in accordance with and subject to such orders and directions as may from time to time be given to the Bank by the Government through any Government officer or officers authorised by the Government in that behalf and at any of the offices, branches or agencies of the Bank for the time being in existence as may from time to time be so directed and for this purpose such accounts shall be kept in the books of the Bank and at such offices, branches or agencies of the Bank as shall be necessary or convenient or as the Government shall from time to time direct in the manner aforesaid.

3. The Government shall employ the Bank as the sole Banker in India of the Government who shall deposit or cause to be deposited with the Bank or allow the Bank to receive and hold as banker the whole of its cash balances at any places at which for the time being the Bank shall have an office, branch or agency and the Bank shall subject to such orders as may from time to time be given by the Government in the manner aforesaid receive and hold for the Government all such monies as may be or become payable to the Government or on its account and the Bank shall transact at its offices, branches and agencies for the time being existing respectively all such business for the Government regarding the receipt, collection, payment and remittance of money and other matters, as is usually transacted by bankers for their customers. The Bank shall make the said monies at the said offices, branches and agencies available for transfer to such places and at such times as the Government may direct. No interest shall be payable to the Government on any of the monies for the time being held by the Bank.

4. The management of the rupee public debt of the Government and the issue of new rupee loans by the Government and the performance of all the duties relating thereto respectively including the collection and payment of interest and principal and the consolidation, division, conversion, cancellation and renewal of securities of the Government and the keeping of all registers, books and accounts and the conduct of all correspondence incidental thereto shall be transacted by the Bank at its offices in Bombay, Calcutta and Madras and at any of its offices, branches or agencies at which respectively the administration of any portion or portions of the public debt of the Government is for the time being conducted or interest thereon is for the time being payable and the Bank shall also keep and maintain such registers, books and accounts in respect of the said public debt as the Government may from time to time direct and shall audit all payments of such interest and act generally as agents in India for the Government in the management of the said public debt and shall conduct such agency subject to such orders and directions with regard to the general management thereof as may from time to time be given to the Bank by the Government.

5. The Bank shall not be entitled to any remuneration for the conduct of the ordinary banking business of the Government other than such advantage as may

accrue to it from the holding of the Government cash balances free of obligation to pay interest thereon, and such balances shall be maintained at an amount not below such minimum as may be agreed upon between the Government and the Bank from time to time.

Provided that if the Government wishes to remit funds outside the area within its jurisdiction except as otherwise provided for in this agreement the Bank shall be entitled to make a charge for such remittances at rates not exceeding those which the Bank charges to Banks referred to as "scheduled banks" in Section 42 of the Act subject to a minimum charge of four annas for each remittance.

6. The Bank shall make ways and means advances to the Government if so required at such rate of interest not exceeding bank rate as may be fixed by the Bank from time to time, provided that the total of such advances outstanding at any one time shall not exceed the amount of the minimum balance prescribed under Clause 5 and any subsidiary agreement provided under the Clause and provided further that the advances outstanding shall be fully paid off at intervals not exceeding three months.

7. The Government shall employ the Bank as its sole agent for investments by Government either of Government funds or of funds managed by the Government and the Bank shall be entitled to charge commission for sales (but not for conversion) at the rate of 1/16 per cent. in addition to any further charges which the Bank may have to pay by way of brokerage, etc. The Bank shall collect interest and the maturity values of such investments on behalf of the Government without charge.

8. As remuneration to the Bank for the management of the public debt as aforesaid the Bank shall be entitled to charge to the Government half-yearly a commission at the rate of Rs. 2,000 per crore per annum on the amount of the public debt as aforesaid at the close of the half-year for which the charge is made. In calculating this charge the following amount shall be excluded from the amount of public debt, viz.:

(a) The amounts of loans discharged outstanding after one year from the date of a notice of discharge.

(b) The amount of stock certificates for Rs. 50,000 and upwards held by the Government or by any officer or officers of the Government authorised in that behalf, provided that such amount exceeds one crore.

And in addition to the charge of Rs. 2,000 per crore per annum the Bank shall be entitled to charge to the Government a fixed sum of Rs. 2,000 a year on account of the stock certificates referred to in head (b) of this Clause and the Bank shall be also entitled to charge the public (but not the Government) all such fees and charges as are now or may hereafter from time to time be prescribed by the Governor-General under the powers conferred upon him by the Indian Securities Act 1920 (Act No. X of 1920) for duplicate securities and for the renewal, consolidation, division or otherwise of all Government Securities which the Bank issues.

Provided that loans not directly issued by the Government but issued under the guarantee of the Government shall not be included in the calculation for the purpose of this Clause but shall be a matter for separate arrangement if the management of such loans is entrusted to the Bank.

9. The Bank shall maintain currency chests of its issue Department at such places within the ORISSA PROVINCE as the Government may, with the previous sanction of the Central Government prescribe and the Government shall provide sufficient accommodation for such chests as may be required for the deposit of notes or coin and shall be responsible to the Bank for the safe custody of the said chests, notes and coin. The Bank shall keep the said chests supplied with sufficient notes and coin to provide currency for the transactions of the Government and reasonable remittance facilities to the public at the said places. The Government

shall supply the Bank with such information and returns as the Bank may from time to time require as to the composition of the balances in the said chests and the amount and nature of the transfers to and from the said chests. The Bank shall have access to the said chests at all reasonable times for the purpose of inspecting and checking the contents. The Government shall be responsible to the Bank for the examination and correctness of coin or notes at the time of deposit in or withdrawal from the said chests.

10. The Bank shall not be at liberty to close any of its offices or branches except on Sundays, New Year's Day, Christmas Day, Good Friday and on any other day declared to be a public holiday by any notification published in pursuance of the Negotiable Instruments Act (Act XXVI of 1881) subject nevertheless and notwithstanding the provisions of that Act to any special orders or directions which may be issued by the Government and the Bank shall be responsible that no one of its agencies doing Government business for the time being existing shall be closed except on Sundays and on public holidays authorised within the area within which such agencies may be respectively situated.

11. The responsibility for all loss or damage to the Government which may result from any act or negligence or omission of the Bank or its agents in conducting the business of the public debt aforesaid or the payment of interest or discharge value thereon or the renewal, conversion, consolidation, subdivision or cancellation of any Government securities shall rest with and be borne by the Bank provided however that it shall not be incumbent on the Bank to verify signatures and endorsements on Government Securities which *prima facie* appear to be in order and in the acceptance of which the Bank shall not be guilty of any negligence and in such cases no liability shall be incurred by the Bank in respect thereto PROVIDED ALSO that in regard to the ordinary banking business at the offices, branches and agencies of the Bank of receiving and realising money and securities for money on account of the Government and paying cheques, orders, draft bills and other documents whether negotiable or not in the Bank's capacity of bankers for the Government and whether such business be done by the Bank or by agencies on its behalf the responsibility to the Government shall be that of the Bank and such responsibility shall be that of a banker to an ordinary customer.

12. The Bank shall remit on account of the Government between India and London such amounts as may be required by it from time to time at the market rate of the day for telegraphic transfers, subject to the proviso that if a large transfer has to be effected in connection with the flotation or repayment of a sterling loan or analogous operation, and if it is considered by either party to be inappropriate to apply the rate of a single day, an average rate based on a longer period may be fixed by agreement between the two parties.

13. This agreement may be determined by either party giving to the other party one year's notice in writing expiring on the 31st day of March in any year, such notice if given by or on behalf of the Government to be addressed to the Governor of the Bank and to be served by leaving the same at the Head Office of the Bank or addressing the same to him at the Head Office of the Bank by registered post and if given by the Bank to be served by leaving the same with or addressing the same by registered post to the Secretary to the Government in the Finance Department and immediately upon the expiration of such notice this agreement shall absolutely cease and determine save as to rights or liabilities acquired or incurred prior to such termination.

14. In the event of any dispute arising as to the terms and conditions of this agreement, or as to the rights or obligations of the parties hereto such dispute or difference of opinion shall, in the event of the parties hereto failing to reach an agreement, be referred to the Governor General whose decision shall be final and binding as between the parties hereto.

15. Nothing in this agreement shall operate to affect in any way the obligations imposed either on the Government or on the Bank by or under the Act or any subsequent amendment or amendments of the Act.

16. The Bank shall be entitled to perform all or any of the matters contained in this agreement through such agency or agencies as may be prescribed by the Act or any amendment thereof or as may be approved by the Government.

IN WITNESS WHEREOF Secretary to the Government of Orissa in the Finance Department by the Order and direction of the Governor of Orissa has hereunto set his hand and the common seal of the Reserve Bank of India pursuant to a Resolution of its Central Board has been hereunto affixed in the presence of its subscribing officials the day and year first above written.

Signed by the said P. T. Mansfield,
Secretary to the Government of Orissa in the
Finance Department for and on behalf of the
Governor of Orissa in the presence of

(Sd.) P. T. MANSFIELD,
Secretary to the Government
of Orissa, Finance
Department.

(Sd.) U. S. NARAYAN RAO.

The Common Seal of the Reserve Bank of
India was affixed hereto in the presence of
Devidas Madhowji Thakersey and Sultan
Meherally Chinoy, two of its Directors and Sir
James Braid Taylor, Kt., C.I.E., its Deputy
Governor.



(Sd.) SULTAN CHINYOY,
(Sd.) DEVIDAS MADHOWJI
THAKERSEY,
Directors.
(Sd.) J. B. TAYLOR,
Deputy Governor.

Agreement between the Governor of the Central Provinces and Berar and the Reserve
Bank of India.

AN AGREEMENT made this thirtieth day of June 1937 BETWEEN THE
GOVERNOR OF THE CENTRAL PROVINCES AND BERAR of the one part and
THE RESERVE BANK OF INDIA (hereinafter called "the Bank") of the other
part WHEREAS the Bank was constituted and incorporated and is regulated by the
Reserve Bank of India Act, 1934 (being Act No. II of 1934) (hereinafter called
"the Act"), as adapted and modified pursuant to the Authority contained in
section 293 of the Government of India Act, 1935, by an Order of His Majesty in
Council, dated the eighteenth day of March 1937, with and subject to the various
(Burma Monetary Arrangements) Order, 1937, powers, provisions and restrictions in and by the Act set forth and it was thereby
inter alia particularly provided as follows, viz.:

- (1) by section 20 of the Act that the Bank should undertake to accept monies for account of Provincial Governments and to make payments up to the amount standing to the credit of their accounts and to carry out their exchange, remittance and other banking operations including the management of the public debt, and
- (2) by section 21 (1) of the Act that Provincial Governments should entrust the Bank on such conditions as might be agreed upon with all their money, remittance, exchange and banking transactions in India and, in particular, should deposit free of interest all their cash balances with the Bank provided that nothing in that sub-section should prevent

Provincial Governments from carrying on money transactions at places where the Bank has no branches or agencies and that provincial Governments might hold at such places such balances as they may require, and

- (3) by section 21 (2) of the Act that provincial Governments should entrust the Bank, on such conditions as might be agreed upon, with the management of the public debt and with the issue of any new loans.

NOW IT IS HEREBY MUTUALLY AGREED AND DECLARED by and between the said parties hereto as follows, that is to say:

1. This agreement shall be deemed to have come into force on the first day of April 1937.

2. The general banking business of the Government of the Central Provinces and Berar (hereinafter referred to as "the Government") including the payment, receipt, collection and remittance of money on behalf of the Government shall be carried on and transacted by the Bank in accordance with and subject to the provisions of this agreement and of the Act and with and to such orders and directions as may from time to time be given to the Bank by the Government through any Government officer or officers authorised by the Government in that behalf and at any of the offices, branches or agencies of the Bank for the time being in existence as may from time to time be so directed and for this purpose such accounts shall be kept in the books of the Bank and at such offices, branches or agencies of the Bank as shall be necessary or convenient or as the Government shall from time to time direct in the manner aforesaid.

3. The Government shall employ the Bank as the sole Banker in India of the Government who shall deposit or cause to be deposited with the Bank or allow the Bank to receive and hold as banker the whole of its cash balances at any places at which for the time being the Bank shall have an office, branch or agency and the Bank shall subject to such orders as may from time to time be given by the Government in the manner aforesaid receive and hold for the Government all such monies as may be or become payable to the Government or on its account and the Bank shall transact at its offices, branches and agencies for the time being existing respectively all such business for the Government regarding the receipt, collection, payment and remittance of money and other matters, as is usually transacted by bankers for their customers. The Bank shall make the said monies at the said offices, branches and agencies available for transfer to such places and at such times as the Government may direct. No interest shall be payable to the Government on any of the monies for the time being held by the Bank.

4. The management of the rupee public debt of the Government and the issue of new rupee loans by the Government and the performance of all the duties relating thereto respectively including the collection and payment of interest and principal and the consolidation, division, conversion, cancellation and renewal of securities of the Government and the keeping of all registers, books and accounts and the conduct of all correspondence incidental thereto shall be transacted by the Bank at its offices in Bombay, Calcutta and Madras and at any of its offices, branches or agencies at which respectively the administration of any portion or portions of the public debt of the Government is for the time being conducted or interest thereon is for the time being payable and the Bank shall also keep and maintain such registers, books and accounts in respect of the said public debt as the Government may from time to time direct and shall audit all payments of such interest and act generally as agents in India for the Government in the management of the said public debt and shall conduct such agency subject to such orders and directions with regard to the general management thereof as may from time to time be given to the Bank by the Government.

5. The Bank shall not be entitled to any remuneration for the conduct of the ordinary banking business of the Government other than such advantage as may accrue to it from the holding of the Government cash balances free of obligation to pay interest thereon, and such balances shall be maintained at an amount not below such minimum as may be agreed upon between the Government and the Bank from time to time.

Provided that if the Government wishes to remit funds outside the area within its jurisdiction except as otherwise provided for in this agreement the Bank shall be entitled to make a charge for such remittances at rates not exceeding those which the Bank charges to Banks referred to as "scheduled banks" in Section 42 of the Act, subject to a minimum charge of four annas for each remittance.

6. The Bank shall make ways and means advances to the Government if so required at such rate of interest not exceeding bank rate as may be fixed by the Bank from time to time, provided that the total of such advances outstanding at any one time shall not exceed the amount of the minimum balance prescribed under Clause 5 and any subsidiary agreement provided under the Clause, and provided further that the advances outstanding shall be fully paid off at intervals not exceeding three months.

7. The Government shall employ the Bank as its sole agent for investments by Government either of Government funds or of funds managed by the Government and the Bank shall be entitled to charge commission for sales (but not for conversion) at the rate of 1/16 per cent. in addition to any further charges which the Bank may have to pay by way of brokerage, etc. The Bank shall collect interest and the maturity values of such investments on behalf of the Government without charge.

8. As remuneration to the Bank for the management of the public debt as aforesaid the Bank shall be entitled to charge to the Government half-yearly a commission at the rate of Rs. 2,000 per crore per annum on the amount of the public debt as aforesaid at the close of the half-year for which the charge is made. In calculating this charge the following amount shall be excluded from the amount of public debt, viz. :

- (a) The amounts of loans discharged outstanding after one year from the date of a notice of discharge.
- (b) The amount of stock certificates for Rs. 50,000 and upwards held by the Government or by any officer or officers of the Government authorised in that behalf, provided that such amount exceeds one crore.

And in addition to the charge of Rs. 2,000 per crore per annum the Bank shall be entitled to charge to the Government a fixed sum of Rs. 2,000 a year on account of the stock certificates referred to in head (b) of this Clause and the Bank shall be also entitled to charge the public (but not the Government) all such fees and charges as are now or may hereafter from time to time be prescribed by the Government under the powers conferred upon it by the Indian Securities Act, 1920 (X of 1920), as adapted and modified by the Government of India (Adaptation of Indian Laws) Order, 1937, for duplicate securities and for the renewal, consolidation, division or otherwise of all Government Securities which the Bank issues :

Provided that loans not directly issued by the Government but issued under the guarantee of the Government shall not be included in the calculation for the purpose of this Clause but shall be a matter for separate arrangement if the management of such loans is entrusted to the Bank.

9. The Bank shall maintain currency chests of its issue department at such places within the Central Provinces and Berar as the Government may, with the previous sanction of the Central Government, prescribe and the Government shall provide sufficient accommodation for such chests as may be required for the deposit of notes or coin and shall be responsible to the Bank for the safe custody of the said chests, notes and coin. The Bank shall keep the said chests supplied with sufficient notes and coin to provide currency for the transactions of the Government and reasonable remittance facilities to the public at the said places. The Government shall supply the Bank with such information and returns as the Bank may from time to time require as to the composition of the balances in the said chests and the amount and nature of the transfers to and from the said chests. The Bank shall have access to the said chests at all reasonable times for the purpose of inspecting and checking the contents. The Government shall be responsible to the Bank for

the examination and correctness of coin or notes at the time of deposit in or withdrawal from the said chests.

10. The Bank shall not be at liberty to close any of its offices or branches except on Sundays, New Year's Day, Christmas Day, Good Friday and on any other day declared to be a public holiday by any notification published in pursuance of the Negotiable Instruments Act, 1881 (XXVI of 1881), subject nevertheless and notwithstanding the provisions of that Act to any special orders or directions which may be issued by the Government and the Bank shall be responsible that no one of its agencies doing Government business for the time being existing shall be closed except on Sundays and on public holidays authorised by the Government within whose jurisdiction such agencies may be respectively situated.

11. The responsibility for all loss or damage to the Government which may result from any act or negligence or omission of the Bank or its agents in conducting the business of the public debt aforesaid or the payment of interest or discharge value thereon or the renewal, conversion, consolidation, subdivision or cancellation of any Government securities shall rest with and be borne by the Bank, provided however that it shall not be incumbent on the Bank to verify signatures and endorsements on Government Securities which *prima facie* appear to be in order and in the acceptance of which the Bank shall not be guilty of any negligence and in such cases no liability shall be incurred by the Bank in respect thereto PROVIDED ALSO that in regard to the ordinary banking business at the offices, branches and agencies of the Bank of receiving and realising money and securities for money on account of the Government and paying cheques, orders, draft bills and other documents whether negotiable or not in the Bank's capacity of bankers for the Government and whether such business be done by the Bank or by agencies on its behalf the responsibility to the Government shall be that of the Bank and such responsibility shall be that of a banker to an ordinary customer.

12. The Bank shall remit on account of the Government between India and London such amounts as may be required by it from time to time at the market rate of the day for telegraphic transfers, subject to the proviso that if a large transfer has to be effected in connection with the flotation or repayment of a sterling loan or analogous operation and if it is considered by either party to be inappropriate to apply the rate of a single day, an average rate based on a longer period may be fixed by agreement between the two parties.

13. This agreement may be determined by either party giving to the other party one year's notice in writing expiring on the 31st day of March in any year, such notice if given by or on behalf of the Government to be addressed to the Governor of the Bank and to be served by leaving the same with the Head Office of the Bank or addressing the same to him at the Head Office of the Bank by registered post and if given by the Bank to be served by leaving the same with or addressing the same by registered post to the Secretary to the Government in the Finance Department and immediately upon the expiration of such notice this agreement shall absolutely cease and determine save as to rights or liabilities acquired or incurred prior to such termination.

14. In the event of any dispute arising as to the terms and conditions of this agreement, or as to the rights or obligations of the parties hereto such dispute or difference of opinion shall, in the event of the parties hereto failing to reach an agreement, be referred to the Governor-General whose decision shall be final and binding as between the parties hereto.

15. Nothing in this agreement shall operate to affect in any way the obligations imposed either on the Government or on the Bank by or under the Act or any subsequent amendment or amendments of the Act.

16. The Bank shall be entitled to perform all or any of the matters contained in this agreement through such agency or agencies as may be prescribed by the Act or any amendment thereof or as may be approved by the Government.

IN WITNESS WHEREOF Mr. C. D. Deshmukh, C.I.E., I.C.S., Secretary to the Government of the Central Provinces and Berar in the Finance Department, by the order and direction of the Governor of the Central Provinces and Berar has hereunto set his hand and the common seal of the Reserve Bank of India pursuant to a

[30TH AUG. 1937.]

Resolution of its Central Board has been hereunto affixed in the presence of its subscribing officials the day and year first above written.

Signed by the said Mr. C. D. Deshmukh, C.I.E., I.C.S., Secretary to the Government of the Central Provinces and Berar in the Finance Department, for and on behalf of the Governor of the Central Provinces and Berar in the presence of—

(Sd.) RAHMAT KHAN.
(Sd.) ZAKIR HUSAIN.
(Sd.) I. HUQ.

(Sd.) C. D. DESHMUKH,
*Secretary to the Government
of the Central Provinces and
Berar, Finance Department.*

The Common Seal of the Reserve Bank of India was affixed hereto in the presence of Sultan Meherally Chinoy and Devidas Madhowji Thakersey two of its Directors, and Sir James Braid Taylor, Kt., C.I.E., its Deputy Governor.

Common Seal
of the
Reserve Bank
of India.

(Sd.) SULTAN CHINYOY,
(Sd.) DEVIDAS MADHOWJI
THAKERSEY,
Directors.
(Sd.) JAMES B. TAYLOR,
Deputy Governor.

Supplemental Agreement between the Reserve Bank of India and the Imperial Bank of India.

AN AGREEMENT made this twelfth day of July 1937 BETWEEN the RESERVE BANK OF INDIA (hereinafter called "the Reserve Bank") of the one part and the IMPERIAL BANK OF INDIA (hereinafter called "the Imperial Bank") of the other part supplemental to an Agreement (hereinafter referred to as "the Principal Agreement") made on the fifth day of April 1935 between the parties hereto whereby the Imperial Bank was appointed as on and from the first day of April 1935 as the sole agent of the Reserve Bank upon and subject to the terms set out in the Principal Agreement.

WHEREAS on account of the passing of the Government of India Act 1935 and the India and Burma (Burma Monetary Arrangements) Order 1937, it has become necessary that the words and expressions used in the Principal Agreement should be modified.

NOW IT IS HEREBY MUTUALLY AGREED AND DECLARED by and between the parties hereto as follows:

On and after the coming into force of The India and Burma (Burma Monetary Arrangements) Order 1937 and notwithstanding the date hereof

- (i) references in the Principal Agreement to 'India' and 'British India' shall be construed as including references to 'Burma' and 'British Burma'.
- (ii) the expression 'Governor General in Council' when used in the Principal Agreement except in clauses 3 and 4 thereof shall mean 'the Central Government'.
- (iii) references in clauses 3 and 4 of the Principal Agreement to the Governor General in Council in relation to his general banking business his accounts and sums due to or from him and references in the Principal Agreement to Government in relation to receipts and disbursements dealt with on

account of Government shall be construed as including references to the Central Government, the Provincial Governments, the Federal Railway Authority, the Governor of Burma (both in his dealings with the revenues of Burma and in his dealings with the Federal Fund of the Federated Shan States) and the Burma Railway Board.

(iv) for the words "he thinks fit" and "in his opinion" contained in clause 13 of the Principal Agreement, there shall be substituted the words "it thinks fit" and "in its opinion" respectively.

(v) after the words "of the Act" occurring in clause 10 of the Principal Agreement there shall be added the words and figures "and to Burma scheduled banks as defined in the India and Burma (Burma Monetary Arrangements) Order 1937".

IN WITNESS whereof the Common Seals of the Reserve Bank of India and the Imperial Bank of India have been hereunto affixed in the presence of their respective subscribing officials the day and year first above written.

THE COMMON SEAL of the Reserve Bank of India was hereunto affixed pursuant to a resolution of its Central Board in the presence of Sir James Braid Taylor, Knight, Deputy Governor and Sultan Meherally Chinoy and Devidas Madhowji Thakersey two of the Directors of the Reserve Bank of India who in token of their presence have hereupon signed their names.

Common Seal
of the
Reserve Bank
of India.

(Sd.) J. B. TAYLOR,
Deputy Governor.
(Sd.) SULTAN CHINYOY,
(Sd.) DEVIDAS MADHOWJI
THAKERSEY,
Directors.

THE COMMON SEAL of the Imperial Bank of India was hereunto affixed in the presence of Sir William Lamond, Knight, the Managing Director and Sir William Wright, O.B.E., V.D. and Harry Harrison Burn two of the Directors of the Imperial Bank of India who in token of their presence have hereupon signed their names.

Common Seal
of the
Imperial Bank
of India.

(Sd.) W. LAMOND,
Managing Director.
(Sd.) W. O. WRIGHT,
(Sd.) H. H. BURN,
Directors.

THE INSURANCE BILL.

The Honourable Sir Nripendra Sircar (Law Member) : Sir, I beg to move :

"That the Bill to consolidate and amend the law relating to the business of insurance, as reported by the Select Committee, be taken into consideration."

12 Noon.

Sir, the Select Committee had to devote considerable time to this measure on account of its importance to Indian business interests. They were possibly a little embarrassed by the excessive dose of instructions they received and the representations they had to consider from the different people assembled here. I, for instance, received a number of letters which at the head was marked "Camp, Cecil Hotel" and I understand that this was not the only camp. Only people who lived in the *dharma sala* did not use the word "camp". They are all camps.

An Honourable Member : Scamps !

The Honourable Sir Nripendra Sircar : The " S " is at the end, and not at the beginning. The invasion of Simla is quite easy to understand, because the interests are very conflicting, and the House will have some idea of the nature of these conflicting interests if I recapitulate them as briefly as possible. First of all, the United Kingdom companies. So far as they are concerned, their point of view is that the Government of India Act is their sheet anchor, that you cannot touch them unless the Indian companies are willing to submit to the same control and the same requisitions. They consider that we have in the Bill and also in the Select Committee put unnecessary restrictions on these companies which had been functioning without any untoward results. That is their view point. Then we come to the Empire companies. In addition to the complaints which are common to them and the United Kingdom companies they have the grievance that the Bill provides for retaliation against them, because, under the provisions of this Bill as introduced and also as reported by the Select Committee, Honourable Members must have noticed, there are certain powers of retaliation to which I shall come at the proper time. At this moment I am only telling the House the different interests which conflict. Then, foreign companies, other than United Kingdom and Empire companies—their grievances are more or less the same as indicated by the United Kingdom and the Empire companies. Then we have the small companies. They call themselves " young companies ", " young life association ", and so on. Although they are young and although I admit their voice has been completely drowned by the drums of the big Bombay business, yet I should say that in the matter of crying they have a fairly lusty voice.

An Honourable Member : Quite natural.

The Honourable Sir Nripendra Sircar : Nothing is unnatural. (Laughter.)

Their complaint is " Don't you listen to what the big companies say. They are appealing in the name of Indian business, patriotism, nationalism and so on."

Mr. M. S. Aney (Berar : Non-Muhammadan) : Love of children.

The Honourable Sir Nripendra Sircar : It is not love of children, Mr. Aney. The complaint is that they want to destroy these babies. All the measures which have been stressed upon by big business, they say are intended really for embarrassing and throttling the business of these new and struggling companies. I am only putting forward their views without expressing any opinion at this moment. They say this idea of very excessive deposits, fixing of maximum commission, compelling investment of assets in particular ways and locking them up and so on, they are all very well for the big companies. They cause them little embarrassment but they cause us, the younger and smaller, far greater difficulties. That is their view point. They say " Don't you listen to these big people. Their method, their technique of propaganda is very subtle. They will not approach you in their true colours, they will not let you know that they are after us, the smaller companies, but they will say : ' We want to stop foreign exploitation ? That will at once appeal to your patriotism

but as a matter of fact the measures which they have suggested will not touch the foreign companies at all in any particular matter but will mean the death of many of us ". That is their point of view. Then we had, I believe we still have, a fair number of representations on behalf of the provident societies. I won't go into that just now. Then there is another batch for the mutual assurance companies for which as Honourable Members may have seen a special chapter, Part IV, has been recommended by the Select Committee. Then, Sir, the most influential and the most clamorous section, I have kept for the last, namely, what I describe as the big business and, for the sake of alliteration, big Bombay business. Sir, I gave the House some idea of the amount of literature with which we were flooded. I believe that when the Select Committee was going on we had literature more than any human constitution can stand. To start with, this book (pointing to a book), I believe, is in the hands of every Member of the House. It has been beautifully got up with limp cover. No question of expense. Managing agents are rich enough. This, of course, is the *prima donna* in ultra marine, and the gayer little sisters are in muave, green, blue and white, and so on (showing some pamphlets) ; and for any ordinary human being to resist falling victim to this seductive literature requires unusual determination. I hope none of the Members of the Select Committee did actually succumb to it.

Mr. N. M. Joshi (Nominated Non-Official) : I have not read it.

The Honourable Sir Nripendra Sircar : You were not on the Select Committee. As regards my opinion of big Bombay business, may I describe their attitude in the language which has been used in the note of dissent by Messrs. Ghiasuddin and Essak. The idea of this section is to " push out foreign companies on the one hand and kill out the smaller Indian concerns on the other and thus provide a sort of monopoly for a few large Indian companies in the field of insurance ", which has come to be recognised as a very important part of social service ! Sir, after having read this literature and others and having received endless deputations, the Select Committee has got a very high testimonial from this section as will appear from what I read in the *Statesman* of the 27th August and the writing left no doubt in my mind that it has a strange family resemblance to what is to be found in this beautiful bound book. The members of the Select Committee ought to acknowledge with pride the high testimonial they have received.

I read from the *Statesman* :

" Members of the Select Committee, not being insurance men, they have erred to a degree which nullifies the very object of this legislation."

Well, Sir, I presume from what has been said that insurance is a very recondite, very abstruse and very complicated subject, and no one of us here can possibly understand it in spite of the excessive amount of education in insurance recently bestowed on us. I think it was Professor Einstein who said that there are only a dozen men in the world who understand completely his theory of relativity. I presume there are only seven men in India who understand insurance, I mean whose views are found in the report of the Insurance Legislation Committee and I am not one of them. Sir, I can give an assurance to this

[Sir Nripendra Sircar.]

House that the Select Committee, whatever they may have done, whatever the degree of error they may have fallen into, were careful enough to make the interests of Indian business their one primary concern, and, so far as I am concerned, I can assure the House that I have gone to the farthest permissible limit under the present constitution, consistent with justice and fair-play to others. If I object to a particular item, to which I shall refer in a minute, it is not because I do not want Indian business to gain something but because I think that what has been done is not only futile but, it will be an advantage to the United Kingdom Companies, at the expense of Indian Companies.

Sir, coming to the Bill itself, the matter which I referred to a minute ago, namely, the matter to which I object, is based on the definitions which are found in clause 2. If Honourable Members will kindly have before them the Bill, there are three definitions which hang together. One is (8A) on page 2 of the Bill. There the Indian insurer is defined as follows:

"Indian insurer means an insurer three-fourths of whose paid-up capital is held in their own right by British Indian subjects domiciled in India, and three-fourths of the members of whose governing body are British Indian subjects."

Then, (8B) defines a non-Indian insurer in these terms:

"Every insurer who does not comply with the conditions mentioned in clause (8A) shall be deemed a non-Indian insurer."

And, lastly, (8C) is a definition of the United Kingdom insurer.

"United Kingdom insurer means an insurer to whom the provisions of sections 111, 113 and 114 of the Government of India Act, 1935, apply."

Pausing there for one moment, we find that there are three definitions. As a matter of fact, in the Bill the third definition of 'United Kingdom insurer' has not been used at all. It has been left hanging in the air. About the two other definitions, the only use which has been made of them is in clause 3A. Barring that, in no other clauses the expressions 'Indian insurer' and 'non-Indian insurer' have been used. Therefore, we have got to see whether these definitions which lead to clause 3A will really do any service to Indian business. I will ask Honourable Members kindly to turn to clause 3A which is to be found on page 4 of the Bill. I may be permitted to read this clause. It runs thus:

"No non-Indian insurer shall be registered unless as a condition of the grant of registration the insurer undertakes that he will, when re-insuring any contract of insurance effected by him in the course of insurance business other than life insurance business transacted by him in British India (whether the policy relating to the contract is or is not issued in India), re-insure with an Indian insurer to the extent of one-tenth of the total amount insured under any such contract, unless he has obtained from the Superintendent of Insurance a certificate that such re-insurance cannot be safely effected with an Indian insurer."

If I had reasonable grounds for hoping and for believing that this clause taken with the definitions, which I have read to you already, will lead to Indian business gaining ten per cent. by statute of the re-insurance to be done by foreign companies, I would have supported this measure. But I indicate my difficulties to the House and I will not go into the matter at great length now—so that the Honourable Members can for

themselves come to their decision and judge whether the difficulties which I feel are real or imaginary.

Sir, the first difficulty I feel is under section 113 (1) of the Government of India Act and, as I said, I shall not go into detail now. I may say that I am proceeding on the opinion which we have received on the construction of this section both from England and from lawyers in India. As I read it, the position will be not that this clause is *ultra vires* or that this clause is illegal but by reason of section 113 (1), although a United Kingdom company does not, in fact, have three-quarters of their directors as Indians and although in fact three-quarters of the capital of the Company are not owned by Indians, yet under section 113 (1), as I read it and according to the advice we have received, they will be deemed to be an Indian company. As Honourable Members are aware, whenever white is asked to be taken as black, we say white must be deemed to be black. That is the significance of the word 'deem' in law. If I am right there—and again I would ask Honourable Members to think the matter out for themselves—then what is the position? The position is that, first of all, the United Kingdom insurer will contend—and, in my opinion, contend correctly—that he is not hit by it at all, and, therefore, he need not re-insure in an Indian Company. If the matter had rested there, it would have been bad enough, but it is made worse when you consider the other end, namely, the company with which re-insurance is going to be made. Let us take, for illustration, a German company, which has got to re-insure by reason of this clause. Under this clause, the German company will have to re-insure, but with whom? They will have to re-insure with an Indian company and if my construction of section 113 (1) is right, then German company will say: "I have carried out your requisition: I have re-insured with a United Kingdom company which must be deemed to have complied with the Statutory conditions". Therefore, again, if I am right, it means that not a single piece of re-insurance is guaranteed to Indian companies by this clause. That would be my first objection. If I had contended that this is illegal or *ultra vires*, then, of course, under another section of the statute sanction of the Governor General would have been necessary for its introduction.

Then, Sir, coming to the definitions themselves, apart from the question of law which I have raised, I ask Honourable Members kindly to consider this. Is this definition a workable definition? Namely, "three-fourths of the capital owned by British Indians and three-fourths of the Directors are British Indians". Leaving aside for one moment the question of directors, and coming to the shares, as Honourable Members will remember in connection with Company Law Bill—and Honourable Members who are lawyers know well enough the legal position—If I buy a number of shares, and I register the shares with the company in my name, the company has no power to enquire whether I am the real holder or whether I am the nominee of a European or whether I am the nominee of an Indian. The Superintendent of Insurance will have to decide whether a particular company is a non-Indian company or an Indian company according to the definition. What is he going to do? What is the company going to do? Is it expected that the Superintendent will bring a regular title suit, a

[Sir Nripendra Sircar.]

declaratory suit to pursue the question of benami in respect of an assurance through the Court and then come to the conclusion as to whether it is an Indian company or a non-Indian company. I submit with all humility to those who have drafted this definition that that will be a fatal difficulty in the way.

There is another difficulty, which is not an imaginary difficulty, not a difficulty which is put up simply for making out a case, but a real substantial difficulty and that is this. Three-fourths of the paid up capital is going to be owned by British Indians. Supposing, today a company is started with 400 shares, valued at Rs. 1,000 each and at the outset three hundred shares are owned by Indians and 100 shares are owned by non-Indians or non-British Indians. That company is an Indian company according to the definition which has found favour with the Select Committee, because three-fourths of the shares are held by British Indians. I am not now going into the question of nominees or benamis. Supposing the next day a block of shares, 25 in number, is sold by an Indian shareholder to a non-Indian—a European—in the market, then, Sir, on that day it ceases to be an Indian company and it becomes a non-Indian company and in the evening if a European shareholder sells 30 of his shares back to an Indian, it becomes again an Indian company and in this way it might change its nationality and colour any number of times within the course of the day. The wretched shareholder who has got to sell his shares, what is he going to do? The broker, as a matter of fact, will not tell you who is going to buy them, we know the practice of the market—and how is the shareholder to find out the nationality of the gentleman who is going to buy the shares? Whether the result of selling the shares will turn a non-Indian company into an Indian company or *vice versa* will depend upon the colour or nationality of the man who is behind the broker. I submit that is another difficulty. The greatest difficulty is based on what we know, at least most of us know, namely, the way in which the shares are dealt with in the market, by means of blank transfers, if shares are bought by me, I need not get myself registered at once or at all and the shares may pass through eight different hands before the ninth man thinks it worth his while to get his name registered. The position is that unknown to others the shares are passing through eight different hands, and possibly the Indian company is changing its character at eight different times. I venture to submit that this is a matter for your serious consideration, and you have got to come to a conclusion as to whether this idea of compulsory insurance is really going to do any good to Indian business. If I had been convinced that the result of the clause is going to be that Indian business will get this reassurance of ten per cent. from foreign companies, then as I said and, I will repeat, I would have supported the measure. I think I should tell the House of reinsurance with Indian concerns as it in fact takes place. I tried my best to arrive at some decision as to what is the amount of reinsurance which now-a-days is placed with Indian companies by foreign companies, but I regret to say that I cannot come to a satisfactory conclusion. On the one hand a note was put up according to which only 2½ per cent. of reinsurance is placed with Indian companies. That note was obviously wrong. Equally

wrong is the other contention according to which I gather some ten or nine per cent. of re-insurance is placed with Indian concerns. Possibly the truth is half way between 2½ per cent. and ten per cent. It is very difficult to ascertain as to what is exactly the amount of reinsurance which is now placed with Indian companies. It will not be safe to assume that anything more than six per cent. is really placed with them. The extreme claims are 2½ per cent. at one end, and nine or ten per cent. at the other end. If we succeed in attaining the result which is desired by the framers of this definition and of clause 3 (a), we may be able to increase this five per cent. or six per cent. or whatever it is, to ten per cent. If, however, my view of the law is right and compulsion is introduced, it is not difficult to imagine that there would be resentment and as I said, not one pice of reinsurance would be placed with an Indian company. I would once more beg this House to apply their minds to these questions, and delete an unworkable and futile provision.

Then, Sir, there is another matter in connection with this which I would like to place before the House, not in a spirit of uttering a threat or of attempting to coerce this House to change their opinion if it is against mine. There is, however, this possibility that the view may be taken that whether my opinion is right or my opinion is wrong, at any rate the question of law involved is a doubtful matter. If that view is taken, then under the instructions issued to the Governor General, the Bill must be referred for the significance of His Majesty's pleasure. I am not suggesting that if the Bill goes there it is bound to be wrecked there, it might or it might not be, in fact the Governor General may or may not consider the matter doubtful but the probability of clause 3 (a) compelling a reference to England has got to be borne in mind. I would ask every Honourable Member of this House to take this statement in the spirit in which it has been uttered, not as a threat, but as pointing out a serious difficulty in my way. I, as much as other Members, feel that this is a Bill which is a good Bill (though it may not satisfy all the fighting sections), and this Bill should be passed if possible without delay. After all, Honourable Members will have to consider whether the risk of this kind or doubtful questions of this kind are worth being raised for trying to achieve the result of increasing reinsurance from five or six per cent. to ten per cent. The risks are not worth taking and the game is not worth the candle.

Then, Sir, having dealt with 3A, I may tell the House that I do not propose to tire them by taking them through every single section in this long Bill, but only place before you some of the important provisions leaving others to be discussed at the time of the amendments. I shall indeed be keenly disappointed.....

Mr. M. A. Jinnah (Bombay City : Muhammadan Urban) : Will the Honourable Member give the reference to the paragraph of the Instrument of Instructions mentioned by him?

The Honourable Sir Nripendra Sircar : I think it is 19 or 27, but if my Honourable friend will give me time till tomorrow, I will give him the exact paragraph. I believe it is one of the sub-clauses of 19; but I am not sure.

Now, Sir, I do not propose to go into all the sections; that will tire the House and it is unnecessary. We are going to discuss most of them

[Sir Nripendra Sircar.]

when amendments come up ; and, as I was going to say, I shall indeed be keenly disappointed if I do not get at least 400 amendments to this Bill. (Laughter.)

Pandit Lakshmi Kanta Maitra (Presidency Division : Non-Muhammadan Rural) : We can promise you a good deal more.

The Honourable Sir Nripendra Sircar : But I said, " at least 400 ". That allows 4,000. (Laughter.)

Of the clauses to which I desire to draw your attention as concisely as possible, I may here mention one, viz., that this Bill provides for compulsory registration of all insurers. Whether they are Indian or non-Indian or whatever they are, they have got to be registered before they can function here and carry on business. I then wish to draw the attention of the House to two sub-clauses. If they will kindly refer to paragraph (e) of sub-clause (2) of clause 3, they will find this :

" In the case of an insurer having his principal place of business or domicile outside British India, a statement verified by an affidavit made by the principal officer of the insurer setting forth the requirements (if any) not applicable to nationals of the country in which such insurer is constituted, incorporated or domiciled which are imposed by the laws or practice of that country upon Indian nationals as a condition of carrying on insurance business in that country ; "

This has got to be taken with a section which comes much later. But the reason why the Select Committee added this is clear. This Bill provides for meting out the same measure to a foreign company as an Indian company would have to receive if the Indian company were carrying on business in the foreign country. That is to say, if by law or by administrative practice an Indian company carrying on business in Germany,—I am giving it as an illustration,—is put to certain restrictions, those restrictions shall be placed upon a German company carrying on business here. That being the idea, this was put in by the Select Committee really for getting information on affidavit as to what conditions have got to be complied with by an Indian company which thinks of carrying on business in the foreign country. This is for getting that information. Then I draw your attention also to sub-clause (3) of clause 3 :

" In the case of any insurer having his principal place of business or domicile outside British India, the Superintendent of Insurance shall withhold registration or shall cancel a registration already made, if he is satisfied that in the country in which such insurer has his principal place of business or domicile Indian nationals are debarred by the law or practice of the country from carrying on the business of insurance, or that any requirement imposed on such insurer under the provisions of section 53 is not satisfied."

The necessity of adding " by law or practice of the country " arises from the fact that we were informed that in certain countries although there is nothing in the law to prevent a foreign insurance company from functioning there, yet by executive orders such foreign companies are excluded ; and to rope in both administrative orders and law this has been added by the Select Committee.

Pandit Lakshmi Kanta Maitra : What are those countries ?

The Honourable Sir Nripendra Sircar : I was told.—I speak subject to correction,—that Japan is one of them.

Mr. B. Das (Orissa Division : Non-Muhammadan) : And also Italy.

The Honourable Sir Nripendra Sircar : I am told by Mr. Das that in addition to Japan I might have mentioned Italy.

Then, Sir, coming to the requirements as to capital, the Bill, as Honourable Members will remember, provides for a working capital of not less than Rs. 50,000, exclusive of deposits and preliminary expenses in connection with the flotation and the formation and starting of the company. That is provided for by clause 5 ; and, as I have said, one of the points which will have to be considered is whether the complaint of the younger companies is just, that both in the matter of working capital and in the matter of deposits we have made these amounts excessive. I can assure the House that in connection with every matter that will arise I do not intend to take up any dogmatic or an unreasonably obstinate attitude but shall be quite ready to consider points brought out in debates here, on the floor of the House.

Sir, about deposits, if I may just shortly remind the House, for life business only the deposit is two lakhs of rupees, and for fire $1\frac{1}{2}$, for marine only $1\frac{1}{2}$, for accident and miscellaneous $1\frac{1}{2}$; for life plus fire or marine or accident and miscellaneous, it is three lakhs out of which two lakhs are to be allocated for the life business. Then for life plus any two of those I have mentioned, the deposit is four lakhs, out of which two lakhs, as in the previous case, has got to be in the case of life insurance business specially earmarked. When it is business consisting of life insurance plus all the three other businesses I have mentioned, it is $4\frac{1}{2}$ lakhs, out of which two lakhs must be kept for life insurance. Where there is no life insurance business, but any two of the above three are carried on, the amount has been fixed at $2\frac{1}{2}$ lakhs ; and where there is no life business but all the three other businesses are carried on, it is $3\frac{1}{2}$ lakhs. In this connection, I should point out a change,—rather an important change,—favourable to the younger companies which has been introduced by the Select Committee. When I say " younger companies " I do not want to mislead the House ; there are some companies which never get old, they are always young. (Laughter.) Now, Sir, in connection with the younger companies what the Select Committee have done is this. I think in the Bill which I introduced, speaking from recollection, I allowed them three years for payment of the deposit. What has now been done is that they are allowed to pay in seven instalments ; they must pay at once Rs. 50,000 and the balance in six instalments. I thought young lives would feel cheerful after the concession which had been made to them ; but appetite grows, and I was told that they would be perfectly happy if they got ten years. And now I am told by Bhai Parma Nand that even if you give them 20 years they will all die. (Laughter.) Well, Sir, there are some babies which are so sickly that possibly to put an end to them in a perfectly non-violent way is the most desirable course. (Laughter.)

Then, there is a small matter on which I need not detain the House long. The Select Committee has added that a Register should be kept in India of policies and claims. There are various particulars and details with which deposits are encumbered, but it will not be useful in any way if I mention them here.

There will be much discussion on clause 15 dealing with the returns to be made by insurers which I may describe shortly as " outside insur-

[Sir Nripendra Sircar.]

ance". I ought to explain what I feel at the moment about them. Certain requisitions on outside companies were made compulsory under the Bill which I introduced. The requisitions have been added to by the Select Committee to a considerable extent, but I will not tire the House by going into details; and I shall discuss the question generally. To the increase of the burden which the Select Committee has placed on outside insurers, very strong objection has been taken that they are really not necessary, and they should not have been introduced in the Select Committee. Reading two dissentient notes, it is obvious to me that if they are pursued, there will be, on the one hand, amendments for reducing the burden to what was laid on them in the Bill as introduced or possibly less; and on the other hand, amendments will be moved for increasing the burden still further.....

Mr. S. Satyamurti (Madras City : Non-Muhammadan Urban) : And delete the clause also.

The Honourable Sir Nripendra Sircar : That is increasing the burden. I have considered this matter very carefully. I shall be prepared to support the decision of the Select Committee. If further burdens are intended to be placed, the point of view from which I intend to look at them,—and I hope other Honourable Members will look at it from the same point of view,—is this. Will these additional burdens which are going to be thrown upon outside companies, whether in the shape of another Schedule or otherwise, do any good to Indian business? Will that contain information which will help India or Indian business in any way? If it does, then I shall offer no resistance to the increase of those burdens; but on the other hand, if those burdens are going to be placed not for any benefit to us, but simply because it might embarrass others to some extent, then, Sir, I hope the House will agree not to support such a proposal. It will depend on the merits of the particular measure which is included in the amendment.

Then after clause 15, I should like to take you to clause 26. This is a clause which will loom large in the discussions here. Clause 26 is at page 12 of the last paragraph. May I just describe the situation created by the clause in colloquial and non-legal language? What has been recommended by the Select Committee is, that every company, Indian or non-Indian or Empire Company, all insurers, in fact whether company or partnership or individuals, will have to keep certain amount of their assets in India. That amount of assets may, again in colloquial language, be described as assets equal, at least in value, to the matured claims against the insurer, plus a reserve calculated according to actuarial methods representing the value of the claims which are maturing but which have not yet matured. That is to say, the present value of the totality of the claims against the company have got to be ascertained. To find out the matured claims is quite easy, and those who are experts can equally without difficulty arrive at a figure representing the value of the claims which are maturing. These two sums taken together represent a certain amount, and assets equal to that amount must be kept in British India. I am not complicating the matter by telling you as to how those assets are to be kept.

Honourable Members will remember that when the Bill was introduced, I believe the Bill provided for investing 33 1/3rd per cent. in

Government securities. Under clause 26 the whole of the assets representing the value of the claims matured and maturing have got to be set apart, preserved and kept in the Reserve Bank for safe custody. When this was passed by a majority of the Select Committee, it was pointed out to me,—not that I am responsible for it,—that it would be unworkable, because many Indian companies have got assets represented by buildings, by loans on mortgages, other house properties and so on.

Pandit Lakshmi Kanta Maitra : Loans on policies also.

The Honourable Sir Nripendra Sircar : Loans on policies will be deducted in arriving at the figure. What the opponents of the provision say is,—and I have no doubt that the contention raised is a very serious contention,—how are we going to put in the whole of these assets either with the Reserve Bank or with some other Bank or in some other way, if we are not in a position to do so by reason of all our assets not being in the form of liquid assets? That is one objection which has been taken. As I said when I introduced the Bill, my ambition was far more limited, and I had provided for 33 1/3 per cent. of the assets being invested in Government securities.

Then, there are further details of clause 26 with which I will not now tire the House, because, I am sure this clause 26 will be debated at great length on the floor of the House, and indeed that deserves to be done, because it is a matter of great importance, and it is obvious that difficulties lie in the way of at least the Indian Companies,—I am not speaking for English companies at the moment,—carrying out the burden which we have placed on them. I am sure English and other foreign companies will strenuously oppose clause 26.

Then I come to the vexed question of Managing Agents. As I said, I will not go back on the assurance I have given that I shall not be obstinate, but I desire to be frank. At the present moment I have homicidal mania for the Managing Agents of insurance companies, though I recognise the necessity of Managing Agents of other companies. (Laughter.) I dare say I may be cured by good treatment, by sympathy and by patience, but at the present moment, I entertain violently hostile feelings to Managing Agents of insurance companies. I have been asked in dozens of representations which poured on every Member of the Select Committee, "Why are you so inconsistent? You gave 20 years for other companies, why only three years for insurance companies?"

Pandit Lakshmi Kanta Maitra : Because you had not that homicidal desire last year!

The Honourable Sir Nripendra Sircar : No. The statement of fact that I advocated 20 years for Managing Agents of all companies is not correct. I was described—as fighting the battle of the Managing Agents, and some people who have now developed rather a soft corner for the Managing Agents were then the bitterest enemies of the Managing Agents. (Laughter.) But Honourable Members will remember that my whole argument was based on statements like those of Sir Pursho-tamdas Thakurdas which I quoted on three different occasions, and the argument was this. Having regard to the history of industrial concerns here.....

Mr. M. A. Jinnah : Peculiar history !

The Honourable Sir Nripendra Sircar :peculiar, very peculiar history, having regard to that, in industrial concerns you cannot do without Managing Agents. You cannot secure capital for manufacturing concerns without managing agents. But, Sir Purshotamdas Thakurdas, not only in his evidence before the Enquiry Committee, but also in his recent utterances, has repeated that what he has said about managing agents does not apply to banks and insurance companies. If that is so and if this House, without a division, and with acclamation, carried the measure against the banking companies, how can they advocate Managing Agents for Insurance ? I see no reason why the Managing Agents should not be treated in the same way, and I confess I made a mistake when I provided for them three years when they ought to have been allowed two. But it is not too late to move an amendment. (Laughter.)

I will not go into the question of Managing Agents in greater detail now, but when the time arrives, it will be my duty to point out that an insuring company invests money and that there is no pretence for managing agents as in an industrial or a mining venture. In a mining company, for instance, the mine may collapse and Managing Agent must find, say, Rs. 20,000 at once, on his own credit. It is the credit of the Managing Agent which enables the company to go on. The basis of the argument which was used in connection with giving 20 years to the Managing Agents is altogether non-existent, according to my humble view, in the case of insurance and I shall be in a position to show what unconscionable amounts are taken by Managing Agents in connection with insurance business. But it is rather interesting to observe what the Select Committee has done. What they have done is this. They have given them ten years,—well, Sir, I have lost there—but they have put in a condition that the Managing Agent cannot get more than Rs. 2,000 a month, that is, Rs. 1,000 as salary and Rs. 1,000 for miscellaneous allowances, perquisites, etc. ; that is, Rs. 2,000 is the highest. I may tell you, as proceedings of the Select Committee are supposed to be secret, they were broadcasted simultaneously with our speeches there. (Laughter.)

After the managing agency clause had been settled at the committee, the same evening I came across a Managing Agent who was in a fairly frenzied condition. He said, "What have you done ?" I said, "I have done nothing. I wanted to give you three years, but you have got ten years, and don't you thank your stars ?" "Nothing of the kind. You have put restrictions. I can make more in three years without restrictions than with restrictions in ten years." (Laughter.) I am sure that if you send for their representatives and give them the choice, "Will you take five years without restriction, or will you take ten years with restriction," they will plump for five years and will accept even four or three years—but restrictions they will resist.

I need not tire the House with sections about amalgamations and so on. The Select Committee had in mind, as also the authors of the Bill, that on account of heavy deposits, on account of other restrictions, on account of the tightening up of the law, it may be necessary for some of the smaller companies to amalgamate, and the object which the Select

Committee had in view was, as far as possible, to make amalgamation an affair as simple as possible. I am not going into the questions of nominations and assignments ; they are bound to come up before the House and be threshed out here. They, however, give welcome relief to policy-holders.

Then we come to clause 35—no commission to be paid except to a licensed agent. There, again, the fight was between the big and the small, the contention of the smaller companies being that this will hamper them. But the Select Committee has accepted it, and, as at present advised, I am very strongly in favour of keeping this clause about licensing agents. Certain difficulties have been pointed out, and I dare say they will be pointed out again, but Honourable Members will have to come to a conclusion whether, considering arguments *pro* and *con* we are doing any good—I think we are—by insisting on licensing of agents. As regards the prohibition of rebates, I hope every Member of the House will support the decision of the Select Committee which was also in the Bill. A matter will arise, as one of the major points for discussion on the floor of this House, whether the Select Committee was right in not fixing a maximum commission in respect of insurance. I shall now only present the two contending views, leaving Honourable Members to have time to come to their own conclusion. It is said by those who want a maximum to be fixed that unless you fix a maximum your provision for prohibiting rebate becomes meaningless, it becomes altogether useless. I confess I do not agree with the view that it becomes altogether useless or meaningless. Let us look at it from the practical point of view. Here is my agent who is going to work for me as the seeker of policies. He will be quite satisfied to work for 15 or 20 or 25 per cent. Why do I pay him 100 per cent. now ? It is admitted that sometimes more than 100 per cent. is paid. Why do I pay him 100 per cent. or more now ? Because I know perfectly well that out of the 100, 50 or 75 per cent. will go to the man who takes out the policy. That really explains the excessive amount of remuneration which is paid to the agent to enable him to keep a share for himself and part with a share to the man who takes out the policy. My submission is that if you do not fix the maximum commission but insist on a rebate the provision is not useless. There will be no incentive for me to give 100 per cent. to my agent. So I do not agree that it becomes altogether useless. Then it is said in the big book, I mean the *de luxe* edition of the Insurance Committee's Report—(the younger companies say that their technique of propaganda is subtle, and so it is)—"No, no. It has nothing to do with younger companies ; it is only for the benefit of India. It is Mother India who is concerned." How ? "Because, you see, these foreign companies are dumping and if they are prevented from paying more than 25 per cent. or 40 per cent. or whatever the maximum may be, then India will flourish, Mother India will get a little more strength." (Laughter.) Two of the signatories of this book were examined as witnesses, two of them were on the Advisory Committee, and without tiring the House by going into detail.....

Pandit Lakshmi Kanta Maitra : You are not tiring.

The Honourable Sir Nripendra Sircar :but I myself may get

tired, an expert was put up, and I must admit that he put up the case for India as high as possible, and when India's case is put up by an European or an American, it receives greater weight.

[Sir Nripendra Sircar.]

He admitted that he is not able to prove anything about "dumping" or "unfair competition" now, but he suspects and he alleges that these foreign companies pay large rebates. Stop for one moment there. Let us assume that it is possible that they do. It has not been proved that it is quite possible that they are doing it, but on the other hand are we to ignore the smaller companies altogether because by reason of the subtleness of the propaganda our heart is going to be touched with patriotism for shutting out the foreigner? Look at a small company which is struggling or which is being started today. Why should it not, supposing the limit is 40, in a particular case, pay 50 per cent. or 55 per cent. for securing business, knowing that it has a hard struggle to keep it going against well-established big companies. If that is so, why should they not pay? Then it is said, 'Well, if you allow them to pay rebates without limit, what will happen to the company? The company will go insolvent'. May I present the other side of the picture? As a matter of fact, up to this day, how many companies have, if any, gone insolvent because they have paid excessive commissions?

An Honourable Member : None.

The Honourable Sir Nripendra Sircar : Is that not really an argument for the sake of argument? Secondly by reason of the provisions which I hope you will adhere to, burdens have been placed on all companies, big and small, European and non-European, to guarantee that business is run on sound lines. You have given power to the Superintendent to inquire into their affairs and to give them directions when things are going wrong. Power is also given to wind up the company if its affairs are going wrong. By this control, supervision and powers of interference, the younger companies, say, you have done all that is necessary and no further hindrance should be put in their way, which prejudices us in our struggle against well-established and big companies. These are the two opposite views which I place before you for your consideration. Then, there is a small matter, and not a very small matter either, which is of practical importance. It was in the Bill also. Honourable Members may remember and may possibly have come across cases where policies are issued from England and if there is any dispute, questions will be tried under the English law, the money is payable in England and so on. That does create difficulties sometimes, I do not say often but it does create difficulties in the way of the Indian assured and particularly if he is a small man. He has got to get his money there. If there is any difficulty, he has to file the suit in England and so on. What has been provided is that if the policy is issued (and it need not be issued in England), but in respect of business transacted in India, the assured will have the right to receive payment in British India, whatever provisions to the contrary may be existing in the policy and further he will have the right to sue in British India and any dispute between the policyholder and the company will be decided under British Indian law. Although the cases are not of very frequent occurrence, I still venture to think that is a move in the right direction.

Then clause 41—Payment of money into court—I am not going to read that long clause but this provision is extremely necessary. Cases are not infrequent where insurance companies hold back money on the ground,—

I do not say on the pretence—it may be legitimate ground, that we cannot make over the money to anybody, because there is nobody to give us a discharge. Two sons of the deceased policyholder may be fighting and they may have set up two different wills and so on. The result is that ultimately by the time the dispute is over, and this may be two or three years or if the parties are rich, and go to the Privy Council, the case may drag on for ten years. In the meantime the money earns no interest. What is provided is that where such is the case and the plea of the insurance company is that it does not know whether it can get an adequate discharge, then the company shall pay the money into court. The costs of the application for paying money into court has got to be borne by the insurer but if further costs are incurred by reason of any unreasonable conduct of the man claiming the money, then the costs in such a case must remain in the discretion of the court.

I will not trouble you with the sections relating to winding up, sections 44 to 52. I now come to clause 53 which deals with, if I may use colloquial language, powers of retaliation. In the Bill as introduced, what was provided was that the Governor General in Council may impose conditions on foreign companies exactly similar to those which would be placed on Indian companies in those foreign countries. Now, that 'may' has been changed into 'shall'. That is, it has been made obligatory for the Governor General in Council to take these retaliatory measures. I want this Honourable House to consider carefully one matter. What answer I am going to give to the question as to whether it should be 'may' or 'shall' will depend a good deal on what is going to be provided in the other sections. For instance, if in the matter of deposits, in the matter of keeping assets and so on, in the bigger matters there is no discrimination of the foreign companies, whatever the country of origin, and they are under the same obligation as the Indian companies, then if only small matters are left out, I would rather not have this in a mandatory form. It may be that there is a trivial difference between Indian law and Czecho-slovakian law. We shall have to pursue that and to insist on something being complied with by the company here which is of no use to anybody. Otherwise, it is not my intention to suggest to this House that if it is 'may' it will be left to the Governor General in Council to decide arbitrarily what should be done to foreign companies. If matters left open are limited to what I have described as minor matters then the provision should be permissive. I ought to draw the attention of the House to a provision which has been made and which is of far-reaching consequences. It is this. If an insurer has taken premia from a policyholder for two years, then after the death of the policyholder it will not be open to the insurer to refuse payment on the ground that there was some misrepresentation in the statements or in the medical reports or friends' reports which led to the issue of the policy. We have made an exception in the case of frauds. If the insurance company is in a position to prove that it is a fraud which was practised, then it will not come within the operation of this rule. But I may remind the House of two cases recently tried in the Calcutta High Court and the insurance company lost both the cases. Other cases were settled. They were tried by Justice Lort-Williams. The Learned Judge points out that under the law, as it stands, when you make those questions and answers the basis of the contract, as is usually done, then even if these statements are

[Sir Nripendra Sircar.]

immaterial, the contract becomes void and the policyholder gets nothing. The idea is to prevent insurance companies from raising this plea. As a matter of fact, they have two years for making enquiries. I do not agree to omit the proviso in case of fraud because in my humble opinion that will be a setting of premium on fraud. If a man knows that even if he commits fraud, all that he has got to do is to manage to exist for two years and then it will be quite safe, that will not be a desirable situation.

Pandit Lakshmi Kanta Maitra : The onus of proof ought to be on the insurer.

The Honourable Sir Nripendra Sircar : It has been provided in that way : the onus is on the insurer. If my Honourable friend, Pandit Lakshmi Kanta Maitra, will kindly turn to clause 39, he will find what, I think, meets the point which he has suggested by his question. It runs thus :

"No policy of insurance shall, after the expiry of two years from the date on which it was effected, be called in question by an insurer on the ground that a statement made in the proposal for insurance or in any report of a medical officer, or referee, or friend of the insured, or in any other document leading to the issue of the policy, was inaccurate or false unless the insurer shows that such statement was on a material matter....."

It must be not only a misrepresentation but it must be fraudulent and on a material matter—

"and fraudulently made by the policy-holder and that the policy-holder knew at the time of making it that the statement was false."

All that has got to be shown by the insurer.

I am afraid, Sir, I shall take about 15 minutes more.

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

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

The Assembly re-assembled after Lunch at Half Past Two of the Clock, Mr. President (The Honourable Sir Abdur Rahim) in the Chair.

The Honourable Sir Nripendra Sircar : Sir, during the course of my speech this morning, my Honourable friend, Mr. Jinnah, wanted reference to the paragraph in the Governor General's Instructions. I shall read it and then hand it over to my Honourable friend. This is paragraph 27 :

"Our Governor General shall not assent in Our name to, but shall reserve for the signification of Our pleasure any Bill of any class herein specified,"

that is to say, I need not repeat, (a), (b) and (c) as item (d) is the one which I think touches the matter :

"(d) any Bill regarding which he feels doubt whether it does or does not offend against the purposes of Chapter III, Part V, of the said Act."

This may involve this course being followed, if clause 3-A is retained.

The Select Committee has introduced a provision which is to be found in Clause 43, the result of which is that no dividend or bonus is to be declared except out of surplus ascertained by actuarial valuation. By some it was considered unnecessary, but I think it is a useful provision.

I should like to make a passing reference to clauses 54 and 55. Clause 54 relates to particulars to be filled by insurers established outside British India. The previous clause as I said before we adjourned for Lunch relates to the power of the Governor General in Council to deal with foreign companies in a retaliatory measure. Under clause 54 :

"every insurer having his principal place of business or domicile outside British India, who establishes a place of business within British India or appoints a representative in British India with the object of obtaining insurance business, shall within three months from the establishment of such place of business or the appointment of such agent, file with the Superintendent of Insurance—

(a) a certified copy of the charter, statutes, etc.,

(b) a list of directors if the insurer is a company,

(c) the names and addresses, etc.,

(e) a statement of the class of insurance business to be carried on by the insurer."

and then there has been added by the Select Committee a clause to which I wish to draw your attention,—

"(f) a statement verified by an affidavit setting forth the special requirements, if any of the nature specified in section 53 imposed in the country of origin of the insurer on Indian nationals."

The next clause 55 relates to books to be kept by insurers established outside British India. That really finishes the part relating to insurance.

We come now to Provident Societies and Co-operative organisations. The main provisions to which I need only make passing references are, that they must not guarantee a larger amount than an annuity of Rs. 50 or a sum not exceeding Rs. 500. Under clause 60, what is called the system of dividing policy, that has been abolished. We have provided also for registration and for working capital, viz., that the working capital should not be less than Rs. 5,000, exclusive of deposits and preliminary expenses. The amount of deposit wanted is to be found in clause 63, that is Rs. 5,000 deposit for the first year, and further deposit every year of not less than one-fifth of the gross premium income, until the sum total of the payments comes up to the limit of Rs. 50,000.

I need not trouble the House with the register of books and things of that kind, of revenue accounts, balance sheets, etc. These are details, but details have been attended to. Reference may be made to clause 71 which is an important provision to which many Provident Societies are objecting. But I think this House should adopt it for the safety of the people who have resort to these Provident Societies. Speaking briefly, the object of this clause is, that every five years or earlier if that is required by the constitution of the particular Provident Society, an investigation should be made into the financial condition including valuation of the assets and liabilities of that society. It will be necessary for the actuarial report which will be founded on that investigation to contain various particulars which are set out in clause 2, but with which I do not think I should trouble this House at this stage. The important provision which follows, from

[Sir Nripendra Sircar.]

what has gone before, is that if there is no surplus according to actuarial valuation (which *ex hypothesi* has been made), i.e., no surplus for dividend or bonus, then the actuary will report whether the society is in an insolvent condition. He should further report whether there should be winding up proceedings. Honourable Members will have noticed that in the Select Committee an improvement has been made in relation to various matters where the Superintendent and other officials are given powers to interfere with the affairs of the insurers and to give them directions and so on. The Select Committee has added that in every case an opportunity should be given to the insurance company or the insurer to explain whatever has been found against him by the Superintendent. I think that is a reasonable provision.

Clause 73, I think, is still more important because it insists on an actuarial examination of schemes. At the present moment, as Honourable Members may be aware, there have been too many Provident Societies and many of them have absolutely wild schemes which do not stand examination by anybody understanding finances or accounts. The idea is not to allow societies to go on with schemes which must necessarily end in disaster. As regards investments of funds of Provident Societies, the Bill provides for 50 per cent. investment in Government securities, and there are also provisions similar to those in the Company Law—that is no loans to directors, managers and so on. I am not going now into the different powers which have been given to the Superintendent, but he has got very extensive powers for looking into and examining their affairs and their books of accounts and so on.

Pandit Lakshmi Kanta Maitra : He is an insurance Hitler !

The Honourable Sir Nripendra Sircar : No. If I may remind my Honourable friend, in many instances the Superintendent is subject to the powers of the Court. I would like my Honourable friend to say in Germany to Hitler, that he is subject to jurisdiction of Courts. There will be no adjournment motions over the fate which will overtake my friend.

Then, Sir, part IV deals with mutual assurance companies. I admit that that was an omission on our part ; we had not attended to them properly. But they made representations and the provisions which have been made in Part IV, I know, have generally met with their acceptance and they are fair. The provision is, that they should have a working capital of Rs. 25,000 ; and, as Honourable Members well know, mutual assurance societies have no shareholders but only policyholders are members of the company.

Then, as regards the miscellaneous provisions, of course there is a short clause for penalty for contravention or for default. That is to be found in the Bill ; but a matter which has struck me since the report of the Select Committee has been published I should place before the House for consideration without myself expressing any opinion one way or the other. Under this statute we have provided for penalties for various defaults and contraventions. It has been fairly obvious to me, at least during the last few months, that there is a good deal of business competition,—there must be in every business,—but there is very great

rivalry and jealousy between the smaller companies, the bigger companies and so on. What I want the House to consider is whether to avoid harassments, for avoiding insurers being dragged to police courts at the instance of anybody who may present a petition before a magistrate, it is necessary to have some kind of control ; that is to say, the sanction of some responsible authority. I have no suggestions to make as to who that would be ; if the principle is accepted it may be I think the Superintendent of Insurance or anybody else.

An Honourable Member : The Advocate-General of the Province.

The Honourable Sir Nripendra Sircar : As Advocate-General I am painfully conscious of ignorance of facts when giving sanctions. When a file was put up and I had to give my sanction, I heard one side and the other side was not represented, facts had not been fully investigated and yet I had to say whether a *prima facie* case had been made out or not. However, that is a matter of detail. The first thing is, whether the House thinks such a provision is necessary or not. If the House is of that opinion we can discuss the matter and come to some conclusion as to what that sanctioning authority should be. If the House thinks it is not necessary, there is an end of the matter and we need not pursue it further.

Pandit Lakshmi Kanta Maitra : No more power to your Superintendent.

The Honourable Sir Nripendra Sircar : I will not argue the matter further now. I find that my Honourable friend has a horror of the Superintendent but we must have somebody to look into the affairs of the company. If the name "Superintendent" is obnoxious, call him Adviser or call him a Friend,—call him by any other sweet name instead of the obnoxious name of 'Superintendent'.

An Honourable Member : Call him Dictator !

The Honourable Sir Nripendra Sircar : I would not call him Dictator which he is not ; call him a Friend of the insurance companies.

Then, Sir, similar to a provision which this House adopted in connection with Company Law, viz., power given to the court (clause 98) by which, in proper cases, the court may grant relief if it finds that a mistake has been made by inadvertence or the circumstances are such that the penalty should not be extracted. We took that from the English Act in the Company Law, and that has been reproduced here in the Insurance Bill.

Sir, there are only one or two very small matters and I have done. I think I ought to tell the House how at any rate at the present moment my mind is working as regards general insurance companies. When a question arises will you or will you not put a restriction on general insurance companies ? It strikes me in this way that Indian companies have made considerable progress, though not as much as I would have desired, in the business of life insurance. We have every hope and every reason to believe that this progress will be maintained and that this Act will lead to the keeping up of this progress. As regards fire insurance we have just got a foothold ; though nothing worth speaking about. In 'marine' our interest is practically notional. But I have hopes, apart from progress in fire insurance, that if business is run properly, Indian business talent ought to have scope in connection with a kind of insurance

[Sir Nripendra Sircar.]

which is multiplying fast,—I mean accident and motor-car insurances. Although we may not be now in a hopeless position yet within a few years we ought to have appreciable voice in accident insurance. If that is so, the point of view to be considered is this. We have got to consider whether by putting restrictions, e.g., by providing that this new accident insurance company, started by Indians, will not pay more than 20 per cent. as commission. You will have to consider very carefully whether by putting such restrictions you are really controlling big, well-organised, well-administered, foreign companies with immense reserves. You will have to consider if you are hitting them or you are, by reason of these restrictions, putting difficulties in the way of the growth of new Indian ventures.

Foreign companies succeed on account of their established reputation, their experience, and their superior organisation. I am thoroughly unconvinced of any truth in the cry of "cut-throat foreign competition". That cry has been raised by big Bombay business, for raising a false issue. These are the considerations which have got to be balanced in the mind of each one of the Honourable Members before he comes to any conclusion. I beg of them to look at the matter from both points of view and not be too anxious to put restrictions or requirements which may hamper the growth of new Indian companies. Under the mistaken belief that you are downing the "Foreigner" I do not suggest that Indian companies should be allowed to proceed in any way they like regardless of consequences, and we have to arrive at a golden mean, which will, on the one hand, tighten the law and make it possible to have control by inspection and investigation and so on, for preventing business being run on unsound lines; and on the other hand, we may not make the law too tight which will operate as strangle-hold on these new Indian ventures which I hope will grow up and take reasonable share in the insurance business of this country. Fair play to Indian companies does not involve denial of justice or fair play to others.

Sir, there is one matter which I will mention because it may be said that I have paid no attention to representations made on that behalf. I am sure every Honourable Member here has got a large number of representations from people who call themselves field-workers, agents and so on. I am just mentioning this matter to avoid these hundreds of people who have made representations, forming the impression that their submissions have been ignored. They are people and they ought to have every sympathy from us, but I cannot help them. Their suggestion is (whether the facts are true or not I do not know, because after all they are *ex-parte* statements), and indeed they say that the big insurance companies deal with them in a most arbitrary manner. Their renewal premia are not paid; as soon as their usefulness is supposed to be extinct they are turned out without regard to the terms of the contract, and so on. As I said, while I have every sympathy, the legal position is this. Either what the Insurance companies have done amounts to a breach of contract as between the companies and their humble servants, or it does not. If what they have done amounted to a breach of contract, then the remedy was open; the insuring company could have been sued in court. How are we going to make provisions that every insurance company must do this or must do that? I may say that these suggestions, prompted in doubt by the best of motives, out of kindness to those humble people who

work in big offices, are not practicable. For instance, I know one suggestion which was made, and it was backed by an Honourable Member of this House. The suggestion was that we should lay down in this Act that the clerks in insurance offices must be paid at the rate of Rs. 40 rising to Rs. 100, there must be a provident fund, and so on. But can we possibly adopt all these impracticable suggestions? That must, after all, be left to the law of contract, and it will serve no useful purpose to try legislation which will be absolutely futile.....

Maulana Zafar Ali Khan (East Central Punjab : Muhammadan) : Then how to protect these interests?

The Honourable Sir Nripendra Sircar : I am waiting for a suggestion from my friend as to how they should be protected. I am at my wits' ends.

Mr. N. M. Joshi : Give power to the Superintendent to regulate the conditions.

The Honourable Sir Nripendra Sircar : I am quite sure that if my friend is appointed the Superintendent, the Capitalist won't get anything in the way of profit, and every piece will be paid to workmen.

I am afraid, Sir, I have taken more time than I intended, but before resuming my seat, I should state that this Bill involves very vital interests of Indian business concerns. It is not a question of politics here, or the Government fighting the Opposition or the Opposition fighting the Government. In the Select Committee, every one, I can honestly say, tried his level best to improve the Bill, and although one may not agree always as to what is improvement and what is retrogression, I have not the slightest doubt that, when this Bill emerges from this House, it will really be in an improved form and that we shall have a legislation which will be all to the good for Insurance business—a business, which I hope more and more will in future be in Indian hands. (Applause.)

Mr. Akhil Chandra Datta (Chittagong and Rajshahi Divisions : Non-Muhammadan Rural) : Sir, I rise to support the motion for the consideration of the Bill, as reported by the Select Committee. The Bill can be divided into two parts. There are some provisions relating to the control by Government and some provisions for publicity. These are the two distinct sets of provisions which have been made in the Bill. So far as the provisions for publicity are concerned, I shall say at once that they have my whole-hearted support. They are intended to safeguard the interests of the policy holders, and I have no doubt we shall be able to achieve the desired object. I shall not go into the details of those provisions at present.

As regards the other part of the Bill, namely, providing for the control of the Government, I certainly do not feel very happy over it. My submission is that the provisions have gone too far in the way of interference by Government, and I must enter my strong protest against those provisions. Before examining the detailed provisions of the Bill, we have to consider what should be the basic principle of the Bill? As is well-known, there are two well-known principles on this question,—one is "minimum of interference and maximum of publicity". That is known as the English system, and the other system is,

[Mr. Akhil Chandra Datta.]

"direct control" by the Government of the whole business, and this is known as the Canadian system. The question is, which system are we going to adopt? It is necessary, before examining the detailed provisions of the Bill, that we should make up our minds once and for all as to what the basic principle of the Bill should be. Interference there must be; even the English system contemplates some amount of control; but the essential question is what should be the extent of that interference, how far that interference and control should go. Now, Sir, there is a radical distinction between these two principles of law. What is the rule, what is the principle that we are going to follow in this Bill? Before going into details,—I see my friend Mr. Sen is looking at me.—I may say at once that although he professes to follow the English system, in reality he has adopted the Canadian system. What is the principle now in operation, and what is it in this Bill? The present Act of 1912, I need hardly say adopted the English law of minimum interference with the maximum of publicity. The contrary view was urged at that time. It was apprehended by some that in the absence of stringent provisions for the control of the activities of insurance companies, there might be abuse, there might be wrong investments made and so on. The question was discussed at great length as to which of these two principles should be accepted, and we all know that the Canadian system was rejected and the English system was adopted. And it was adopted not only by the Legislature but it was adopted even by the Government. Amendments, which were actually moved by some representatives of commerce that more stringent provisions should be adopted on the lines of the Canadian system, were rejected not only by the Legislature but also by the Government. The result was that those amendments were rejected and English principle was adopted in its entirety.

The Honourable Sir Nripendra Sircar : They are very fond of the English in 1937.

Mr. Akhil Chandra Datta : Much water has flowed down the Ganges or Jumna since 1912. At all events, the Honourable Member in charge of the Bill wants to make State control far more strict and far more stringent than the Law Member of 1912 wanted to do. There is no doubt about that, but whether that is reasonable or not, whether that is necessary or not in the light of experience of this quarter of a century, that is quite another question to which I shall address myself presently. But I take it that there can be no manner of doubt that we are going to have a radical change of policy in the year of grace 1937, quite different from the principle that was finally adopted by the Government and the Legislature in 1912. A Bill was introduced in 1925 amending the Act of 1912. The question was re-opened on that occasion as to whether the same principle ought to be followed, namely, the English principle, or whether the Canadian principle ought to be preferred. The question was considered by the Government and on that occasion the Government again rejected the Canadian system and accepted the English system for the second time.

The Honourable Sir Nripendra Sircar : If you follow the law of 1912, then we shall have no control over foreign companies.

Mr. Akhil Chandra Datta : I shall come to that point later on. The working of the Act of 1912 from 1912 to 1925 was gone into, figures were examined as to whether there had been abuses or not, how the investments had been made by the different insurance companies. After consideration of the figures and all the other relevant materials the Government again came to the conclusion that there was no justification for any increase of Government interference. The question before us is, has any case been made out for a change of policy now in 1937? The point that is urged is that, although in England there is a policy of minimum interference and maximum of publicity, it does not hold good in the peculiar circumstances of India where we have got no enlightened public opinion, where people are ignorant and indifferent and do not examine the actual position of the different insurance companies. They say that in view of that state of things, although non-interference is a good rule for England, it is not good for India. In that view of the matter it is necessary to examine and compare the position in 1912 and 1937. My submission is that since 1912, the position has very materially altered. Now public opinion is very strong; there has been a considerable growth of public opinion with regard to insurance business in this country. We have got now insurance journals, so many have recently come into existence.

The Honourable Sir Nripendra Sircar : Too many.

Mr. Akhil Chandra Datta : For educating public opinion, the more journals the merrier. I do not think that it can be said that these insurance journals are not doing great service. What do they do?

Pandit Lakshmi Kanta Maitra : Confuse us.

Mr. Akhil Chandra Datta : They confuse you? If you choose to be confounded, who can help? They honestly try to place before you the actual position of the different companies, how they work, what their capital is, how they invest the monies, what is the bonus they give and so on. They try to give the figures and throw light upon all these questions. If in the result you choose to become confounded, well, I can only be sorry for you. The whole question is whether the public are on the alert, and whether there is a strong public opinion. On that question it must be admitted that these insurance journals are doing a great service. Then we have got Insurance Associations, provincial and all-India associations. They meet and discuss general principles and also about investments and other things adopted by individual companies. Then there are the Chambers of Commerce of the different provinces and also the all-India Chambers of Commerce. They also deal with these matters and try to educate public opinion. I find in my part of the country there is one paper at least, the *Anand Bazar Patrika*—in which from week to week, if not from day to day, we have articles discussing the general principles of insurance and how things are managed by individual companies.

The Honourable Sir Nripendra Sircar : Is it supported by the managing agents?

Mr. Akhil Chandra Datta : With regard to managing agents, I may assure the Honourable the Law Member that I have got almost the same mania as he has got.

Mr. Bhulabhai J. Desai (Bombay Northern Division : Non-Muhammadan Rural) : It is getting infectious !

Mr. Akhil Chandra Datta : Let me tell the House what Mr. Sen's opinion is. He has told us on page 8 of his Report :

" It must be said to the credit of dozen or so of insurance journals which have come into existence in recent years that there is a genuine attempt to educate public opinion in insurance matters. It must also be admitted as a result of their publications and the frank criticisms which are now made of the affairs of the various insurance companies a certain amount of interest has been created in matters of insurance, and the tone of insurance business has been considerably improved."

I would invite the special attention of the House to the considered opinion of Mr. Sen that the whole tone of insurance has been considerably improved. It has not only not deteriorated, but on the other hand, it has improved and improved considerably. That is the considered verdict of Mr. Sen.

Mr. Sen further says :

" The times are not far off when publicity in India will as in England serve the useful purpose of preventing abuses in insurance business in this country."

Now, Sir, I am anxious to invite the attention of the House to this aspect of the matter. Not only things have not grown worse since 1912, but things have improved. We have now got a public who are more familiar with these things, more on the alert and therefore my submission is that there is absolutely no justification for a change of policy.

Mr. S. Satyamurti : So, there is no need of legislation in this country ?

Mr. Akhil Chandra Datta : My Honourable friend, Mr. Satyamurti, has not understood me at all. When I say that there should not be a radical change of policy, it does not follow that I do not want this legislation at all. I have stated at the outset that there are provisions which I do welcome. After that, it does not lie in the mouth of Mr. Satyamurti to ask me whether there is any need for legislation. It is only a question of degrees of interference. As regards the Bill of 1925, it was dropped because there was a committee appointed in England at that time to consider the whole legislation in England. The English law was enacted in 1909 and our Act of 1912 was based on the provisions of the English Act of 1909. Although the Bill was introduced in our Assembly in 1925, it was not proceeded with because they wanted to await the deliberations of the Clauson Committee. We know now what the principle underlying the Bill of that committee is because as a matter of fact the Clauson Committee not only submitted a report but they also drafted a Bill. We know that in that draft Bill of the Clauson Committee the English system of minimum interference was adopted in preference to direct control by Government. Although we were waiting for the report of the Clauson Committee, now it is proposed to brush aside the views and opinions expressed and propounded in the report of that committee and in the Bill that was drafted by that committee. My suggestion is that no case is made out for giving more power to the Government after quarter of a century. There is a fundamental difference between India and those countries in which the policy of actual direct control has been adopted. After all,

those are free countries and there the control by the Government is really control by the people. Insurance is a Central subject. It is for my friend, Mr. Sri Prakasa, to make up his mind as to whether he should give more powers of control and interference to the coming Federal Government than the control which is now being exercised with regard to insurance business.

The Honourable Sir Nripendra Sircar : There is no control now.

Mr. Akhil Chandra Datta : That is exactly my point. At present there is no control with regard to investment. What is proposed is from a policy of absolute freedom there is to be absolute compulsion. So far as clause 26 of the Bill is concerned, and so far as the particular question of investment is concerned, the doctrine of absolute compulsion has been adopted by the Select Committee. Is there really a case made out for going from one extreme to the other extreme. For instance, with regard to investment, there is to be a drastic change, a revolutionary change from absolute freedom to absolute compulsion. Is there any justification for that change of policy ? My friend Mr. Satyamurti is in favour of severe control of investments by the Government. I do not know whether the control that has been suggested in clause 26 is due to his intervention. In the year of grace, 1937, being a Congressman, I cannot imagine how he can advocate such absolute powers for the Government. There must have been somebody in the Select Committee who propounded this absolute restriction. I was in the Select Committee but unfortunately I was held up in Europe and could not attend. Somebody in the Select Committee has been responsible for this drastic and absurd provision put in in clause 26 of the Bill. Besides with regard to the State control, we have got to remember that the control of the Legislature does not go far enough. It is only the law that is enacted by the Legislature but the actual interference, if any, will be made by the executive. That machinery has been supplied in the shape of the Superintendent of Insurance. I do not know whether he will be an Englishman or whether he will be recruited from South Africa or whether he will be an I. C. S. At all events, this is perfectly clear that he is going to be an arch-dictator.

Mr. B. Das : He will be controlled by the Minister of Commerce.

Mr. Akhil Chandra Datta : We know the real value of that. The Superintendent of Police is always under the control of the District Magistrate. Now, Sir, my submission is this. The institution of a Superintendent of Insurance with all sorts of powers and the control that is proposed in this Bill is really an anachronism in the year 1937. I know that this Bill is a measure of economy and I am grateful to the Honourable the Law Member for emphasising this aspect.

Mr. M. S. Aney : We cannot hear anything on this side.

Dr. P. N. Banerjee (Calcutta Suburbs : Non-Muhammadan Urban) : I will ask my Honourable friend to address the House and not Mr. Satyamurti.

Mr. Akhil Chandra Datta : I am addressing Mr. Satyamurti, because he is one of the most important parts of the whole machinery.

Now, Sir, although there should be no political considerations with regard to this Bill, yet in this unfortunate country politics do come in. For instance, if you give so much power and so much control to the

[Mr. Akhil Chandra Datta.]

Superintendent of Insurance, you can well imagine a certain insurance company of which the managing director or the directors are persons whose political views and activities are not very much acceptable to the executive or to the Superintendent of Insurance. In that case, the interference and the control are likely to be a little too much. Now, Sir, if you have too much control and too much interference, this may be one step towards nationalisation. What is the case of those who want so much control? Their case is that there are abuses which require remedies. But what are those abuses? Is there any system in any human institution which is free from abuses? It is said that some companies have failed. Is there any country in which companies have not failed? After all, we have not given the figures as regards the failures of the companies in this country? My own impression, as far as I have been able to gather, is that there have not been too many failures of the Insurance companies in this country. Then, it is said, that some of them, although they are not dead, are in a moribund condition and that they are not financially sound. This may be so with regard to certain companies. I shall admit that it is a fact with regard to some companies. But the question is not whether they are not in a sound condition but the question is: what is their unsound position due to? Is it due to absence of control or some other thing? As regards the unsound financial position of some insurance companies, may I ask what is the position of the railways? What is the position of the Provincial Governments? Are they very sound financially? What is the position of the Central Government financially? Because a few companies whose number can be counted on fingers are financially unsound, the conclusion therefore is that we must have a State control of any degree. I should think that there is certainly a danger of unnecessary harassment even to sound companies. The real question is: Should we have too much interference in the internal management of the companies? Another test should be this: Whether any particular provision in the Bill will develop or hamper the growth of insurance business, whether they will kill new and small companies? A company does not deserve to die merely because it is small. That is the whole point. Therefore, the question for this Honourable House to decide is whether the Bill now before us is an English Bill or a Canadian Bill? It is more Canadian than English. Therefore, my complaint is that professing to make it English Mr. Sen has made it Canadian. I must admit that I love the English system so far as this particular question is concerned for the simple reason that it discountenances excessive Government control. I cannot congratulate the Select Committee for providing for excessive Government control.

The Honourable Sir Nripendra Sircar: You were absent.

Mr. Akhil Chandra Datta: Because I was absent, I did not catch the contagion. I might have voted for this provision also. But now I am in a better atmosphere. My submission is that some of the changes introduced by the Select Committee are more objectionable than the original provisions in the Bill. Some of them are most retrograde and reactionary. The control that has been proposed in the Bill is excessive. In support of my contention, may I invite the attention of the House to the leading features of State control. This control is

exercised mainly by regulating the investment of the funds, by the issue of licences and by limitation of commissions. These are the different ways in which the control is exercised. So far as the question of investment is concerned, what is the actual position? In the Act of 1912, there were no restrictions. In that Act there was an apprehension in certain sections that with restrictions on the power of investment, there might be abuse, but that view was rejected, as I have already submitted both by the Government and by the Legislature. On that occasion, after due deliberation the Government rejected the proposal for restrictions regarding investment on the ground that it would violate the English principle on the subject. That was the definite ground upon which it was rejected.

We then come to 1925. I have already dealt with that aspect of the question. No restriction was proposed in the Act of 1925 after reviewing the figures and statistics about investment. Now about the position subsequent to 1925, up to the end of 1933, we are grateful to Mr. Sen for giving us the figures with regard to investment during that period. From the figures he has given it is perfectly clear that 75 per cent. of the funds had been invested by the companies in Government and trust securities. In other words, the position was as satisfactory as it was in 1925. From 1912 to 1935 we have got the experience of nearly a quarter of a century as to the actual working of the companies and the result is that we are told by Mr. Sen that about 75 per cent. of the funds without any State intervention, without any interference, on their own initiative, according to their own light, they invested in Government and trust securities. In view of these figures, the question now is, is there any case made out for a change of policy that there should be restriction about investment. I do not think it would be anybody's contention that after 1933, that is in the years 1934 to 1937, there have been had investments by the Insurance Companies. Let us see if Mr. Sen thinks that a case has been made out for a change of policy with regard to investment, whether any case is made out for restrictions with regard to the power of investment. On page 28 of his report Mr. Sen says:

"The matter was considered next in 1924 by the Government of India when they took up the question of insurance legislation, and the figures available at the time showed that so far as the Indian life insurance companies were concerned, a substantial portion of their funds was invested in Government and trust securities. Though it was found that some companies, especially one in the Punjab and one in Bengal, had deviated from this practice and had invested most of their funds in doubtful securities, yet having regard to the figures the Government of India was definitely of opinion that no restrictions were necessary and in the Bill which was drafted in 1925 no such provision was made."

That is what appears from the report of Mr. Sen. I am anxious to invite the attention of the House to this that having regard to the figures the Government of India were definitely of opinion....

An Honourable Member: Is that Mr. Sen's opinion or the opinion of the Government of India?

Mr. Akhil Chandra Datta: The Government of India are definitely of opinion—and that makes my case stronger—that no restrictions were necessary and in the Bill, which was drafted in 1925, no such provision was as a matter of fact inserted. He also tells us that as a result of 20 years

[Mr. Akhil Chandra Datta.]

working, it has been sufficiently demonstrated that there is no warrant for the suspicion that was voiced in the Council in 1912 and that no case for the restriction has been made out. It is also pointed out that this system has worked very satisfactorily in England and that there is no ground for any statutory interference. Mr. Sen further says :

"Although I am not prepared to say that a strong case has been made out of legislative interference, it would in my opinion be harmless if the statute provides that a reasonable portion of the funds of every insurance company should be kept invested in gilt edged securities."

That is his halting and half-hearted recommendation. He puts his case like this. In the first place, he proposes restriction regarding a portion of the funds, and in the second place he says, such restriction will not do any harm. He does not say it is necessary, he does not say it will do any good, he only says it will not do any harm. That is the recommendation in support of a clear change of policy on this very important question.

The Honourable Sir Nripendra Sircar : He has changed his mind now.

Mr. Akhil Chandra Datta : Obviously he has become wiser by inspiration from the Law Member. So far as the actual recommendation is concerned, he does not propose a drastic change. In all fairness to him, I must admit that his recommendation was not of a very drastic character or revolutionary character like that of the Select Committee. His recommendation was that 40 per cent. of the funds should be invested in government securities and 20 per cent. in trust securities. That was all his recommendation and not almost the totality of the assets as we have in clause 26. The Honourable the Leader of the Opposition says that it is a mad scheme, the scheme propounded in clause 26. I am glad to have that assurance.

The highest claim of the advocates of statutory restriction is that a portion of the assets should be invested in Government and trust securities. That was also the recommendation of the Banking Enquiry Committee. I have been asked by my friends on this side what my proposal is. Although I am personally inclined to think that there should be no departure from the law as it now exists with regard to investment, still in view of the atmosphere that has been created if I now plead for total absence of restriction I may be hooted out. So I will not plead for total absence of it, and I am for a compromise. I am prepared to go as far as Mr. Sen went, as far as the Banking Enquiry Committee went or as far as the Honourable the Law Member asked us to go in his Bill on this question. I will say frankly that I am quite prepared to go back to the original provision of the Bill. I am quite prepared to accept even the recommendation of Mr. Sen. But the pill that is given in clause 26 is too bitter to swallow. The exact proportion is a matter of detail ; it may be 30 per cent. or 33-1/3rd per cent. or even a little more.

Sir, another instance of State control is the limitation of commission. I offer my sincere congratulations to the Select Committee on the deletion of this provision altogether, and, therefore, we need not discuss it at any length at this stage. I shall only submit that it is unscientific and

unpractical, and specially unsuitable in the case of life insurance companies. I shall not detain the House on that point, as it is now a dead issue.

There is another mode of control, viz., the issuing of licenses to agents. It is a controversial point, but I shall say at once that I am not in favour of issue of licenses ; it is not English.

The Honourable Sir Nripendra Sircar : That does not matter.

Mr. Akhil Chandra Datta : It does matter because you profess to follow the English law. I shall take liberty of quoting the view of the Clauson Committee on this question :

"The evidence before them appear to them quite insufficient to justify any compulsory registration or licenses for insurance agents, and no practical scheme for insuring the proposed restriction as to sharing commission and as to preventing differentiation was placed before them. The Committee desire to make it clear that they are not satisfied that even if a practical scheme for achieving these ends be devised, there is any need for it in the interest either of the public or of the companies."

That was the view of the Committee. Besides, how is it proposed to make it effective ? The only provision that I have seen is clause 37. Sub-clause 5 of clause 37 lays down that if an agent is found guilty by a civil or criminal court of misappropriation or breach of trust or cheating, etc., he will be dismissed. I cannot imagine any insurance company, which in the face of such a finding will still retain that agent in service. Let us, however, see what Mr. Sen's recommendation is. He says at page 66.—(again it is halting and half-hearted) :

"In my opinion so long as the legislation does not interfere with the carrying on of an agent's business in a legitimate way, no harm is likely to be caused," etc.

Again that old formula, "no harm", etc.

It is said that faint praise is really tantamount to condemnation. Therefore I say that even according to Mr. Sen the issuing of licenses is not necessary.

Having protested against these restrictions I am afraid I may be misunderstood. But I have already said that I whole-heartedly support those provisions of the Bill which are intended to give publicity to the activities of insurance companies. Lest I should be misunderstood,—I am afraid I have been misunderstood already by my Honourable friend, Mr. Satyamurti.—I must say I welcome many provisions of the Bill. There was no law in India up till now for insurance business other than life insurance, but the proposed law is sought to be extended to all varieties of insurance business. That is welcome. The amount of deposit has been increased. I welcome it because it will prevent the growth of mushroom companies. I also welcome the provision which makes the deposit the exclusive property of the policyholders. That is a welcome change. I also welcome the fuller information that is now required by the provisions of this Bill with regard to the inner working of the companies. I also welcome the principle that the assets of foreign companies should be kept in India.

The Honourable Sir Nripendra Sircar : That is not English.

Mr. Akhil Chandra Datta : Sometimes the Canadians also have their good points.

Then, Sir, the provisions for returns by Indian and non-Indian companies are also welcome. Nominations by policyholders are quite welcome. The representation of policyholders in the Board of Directors is quite welcome. There has been some attempt made for the protection of Indian insurance business. I have no specific suggestion to make at the present moment but I think the protection given is rather inadequate. We have already adopted the policy of protection. Here is an industry which has made phenomenal progress during these few years without any State aid, and, therefore, I do think that some amount of protection ought to be given to the Indian companies. In this connection I have got one suggestion to make, and I am very keen about it. It is a matter by which some help can be given to Indian companies without evoking any reasonable criticism. Mr. Bhulabhai Desai and his friends say this in their minute of dissent. "Finally, we are definitely of opinion that the Bill should provide for insurance with Indian companies of the property of Central and Provincial Governments as well as to those belonging to protected industries". And here I have only to add, the Bill should also provide for insurance with Indian companies of the property of municipalities and other institutions which receive aid from the Government.

Then, Sir, before resuming my seat, I must express my thanks to the Honourable the Law Member for the view he has propounded, namely, that although there must be provisions for correcting abuses, we should not make such provisions which would kill the young companies. A company must necessarily be small in the beginning, but it does not necessarily follow that it is unsound. We should not cure the disease by killing the patient. That ought to be the principle, and I have no doubt that the Honourable the Law Member will give his attention to this. With these words, Sir, I support the motion, and I give the Bill my blessings, although not unmixed.

Sir Leslie Hudson (Bombay : European) : Sir, I believe it was one of the more eminent thinkers of the 19th century, a gentleman from Scotland, Thomas Carlyle, who expressed the hope that the English would long maintain their great talent for silence, and much as I should have preferred to have been a living demonstration of that hope, I have found, since I have been a Member of this House, that I am sometimes expected by those I represent to contribute what I can to the deliberations in this place. But I have always endeavoured on those occasions to address myself as directly as I can to the immediate issues and to be as brief as possible, and I shall observe those principles today.

I have no intention of making a long speech covering all the points, contentious and otherwise, that arise from this Bill. There will be plenty of time to deal with the more specific points when the clauses come on for consideration, and indeed, I imagine that much of what we shall be hearing in the immediate future in this Legislature can only be a repetition of what we most of us have read already in the mass of literature on this Bill which has been distributed through the press and through the post office with a prodigality that may well constitute a record even for India.

Sir, the Group for whom I speak have, in common with other parties, had before them the Bill as it has come to us from the Select Committee,

and in spite of considerable modification, it still bears a clear imprint of the thought and attention which have been given to it by the Honourable the Law Member and his lieutenant, Mr. Sushil Sen. I hope that by the time we have finished with it, that imprint will still be apparent and recognisable as it is today. Having said this, however, I should be lacking in candour if I did not add that there are a number of alterations which the Select Committee have made, and which we regret ; alterations which we consider to be unsound and with which we are unable to agree. Those changes made by the Committee from which we have felt it necessary to express our dissent we shall hope to see remedied later on, but, however disappointed we may be with some of the decisions of the Committee, we feel that, given the goodwill of this House, the Bill is capable of being moulded into a measure that will meet the objects and reasons which the Honourable the Law Member, with his customary lucidity, set out in the statement which he attached to the Original Bill last January.

[At this stage, Mr. President (The Honourable Sir Abdur Rahim) vacated the Chair which was then occupied by Mr. Deputy President (Mr. Akhil Chandra Datta).]

When I spoke on this Bill last February, I used these words. I said : "Our main consideration, and what ought, we believe, to be the main consideration of this House, is the interests of the insuring public". I used those words because I wanted to try, so far as I could, to keep the discussions on this important Bill on a level of plain business common sense in which we could examine such differences of opinion as may exist among us in an atmosphere free, so far as possible, from those political and party divisions which only darken counsel and may result, in a highly technical Bill of this kind, in unsound law. And from what I have heard and read since then, I feel it is necessary perhaps to make the same appeal today. If I may express those sentiments in another way, may I put it like this ; our first concern is to see that insurance policyholders are safeguarded, and the main reason why we are now engaged upon revising the law is to see that they are protected. It was never the intention of this Bill, as I understood it, to protect insurers or to give preference to any particular insurer or group of insurers over any other. We should indeed, in my judgment, be guilty of a serious abdication of the accepted responsibilities of a legislative body if, as a result of our deliberations, we produced a measure which, instead of confining itself within the strict limits of preventing the exploitation of the public by fraudulent or unsound insurers, would merely deprive the public of its undisputed right to continue to place its business with sound concerns of their own choice.

Sir, the business of insurance is world-wide in its ramifications, and I think it would be true to say that the fate of this Bill is being watched with just as much concern and interest overseas as it is in this country. . . .

Mr. S. Satyamurti : Why ?

Sir Leslie Hudson : I expect people overseas read the newspapers just as much as we do here.

Mr. S. Satyamurti : But they cannot exploit our country !

Sir Leslie Hudson : In those countries near at hand, for instance, Burma, Ceylon and East Africa, countries where Indian insurance companies have considerable interests, it is

[Sir Leslie Hudson.]

being watched with special concern. These are countries which are more or less contiguous to India where expansion of business for Indian companies offers excellent possibilities. What happens in regard to this Bill in this House will not be without its influence on whatever insurance legislation may be undertaken in those places. We should remember that the indigenous company in our Bill will be the non-indigenous company in the legislation of those countries and the repercussions of introducing onerous provisions or provisions that interfere with free and normal operation of sound insurance principles into what we enact should be borne very carefully in mind by those who have the interests of indigenous enterprise at heart. It is of the essence of sound insurance that the risks accepted by an insurer should be spread over as wide and diverse an area as possible, and this is particularly true of this country exposed as it is to sudden and overwhelming catastrophes, such as earthquake, conflagration and cyclone. I may perhaps give an instance of what I mean by that. In 1919 the Jute Districts of Bengal were swept by a particularly fierce cyclone. The havoc wrought by that cyclone cost non-Indian insurance companies close on half a crore of rupees. They were able to bear that heavy expense because they had risks spread over other parts of the world, and were able immediately to draw on their world wide resources. The recent earthquakes in Bihar and Quetta are again only further instances of the incalculable magnitude of the risks involved in insurance in this country, and they demonstrate the necessity, if insurance in India is to prosper on sound and healthy lines, that those risks should be offset by other risks spread over other countries less prone to catastrophe. These general principles of sound insurance are accepted throughout the world, and, I believe, they are unchallengeable and the conclusion I draw from them in relation to this Bill is this. If you use this Bill for the purpose of erecting barriers to keep out the non-Indian insurer, you also, at the same time, erect barriers which will effectively prevent Indian insurers from going overseas to spread the risks which they will have to carry in this country. In this connection, may I remind the House that there are twenty-four Indian companies transacting classes of insurance business other than life insurance, and the figures available in the Indian Insurance Book of 1935 show that in the financial year immediately previous their total premium income amounted to one crore and 43 lakhs of rupees. Of that income the business in India accounted for 54 lakhs and the business outside India to nearly 89 lakhs. If the Indian insurance industry is to be strengthened this healthy and satisfactory development must be encouraged and it would be a pity if obstacles were placed in the way of its development. Nothing can harm the growth of Indian insurance enterprise or shake the confidence of the public in Indian insurers more than failure to meet heavy claims when they come, and the evil of the kind of discrimination to which I have referred is that it may produce that result.

Mr. S. Satyamurti : No.

Sir Leslie Hudson : I said, " may ".

Mr. S. Satyamurti : It won't, I assure you.

Sir Leslie Hudson : We do no good by ignoring the facts, and before I leave this point I want to make one further observation. The record of non-Indian insurers in this country is not one for which I feel it necessary

to apologise. They have carried heavy risks and honoured the claims of their Indian business when they became due.

If I were asked to sum up the general attitude which the European Group have adopted throughout, on this matter, I would do it in this way. We believe that all insurers should have a fair field and no favour in the conduct of their business, and should be free to conduct it in a way that the public may have every satisfaction that its interests are safeguarded. It will be our endeavour to avoid putting forward the case of purely sectional interests if those sectional interests are in conflict with the clear interests of public policy, and we shall be guided by those general principles in the consideration of this Bill today.

Our attitude towards the particular provisions of the Bill is briefly indicated in the Memorandum submitted to the Government by the Insurance Legislation Joint Committee which has been published in the printed opinions circulated to Honourable Members. The business of insurance is of a very special and highly technical nature, and in examining that Memorandum and satisfying ourselves that it conforms to those general principles to which I have drawn attention, we have drawn freely on the expert experience, advice and opinion that has been available to us. That Memorandum was drawn up with due regard to the recommendations contained in the Clauson draft Bill, and, I believe, it is generally admitted among the Insurance Community that the Clauson Bill is the modern text book of insurance legislation.

What we shall strive to secure is a measure of control by Government which will necessitate sound accountancy, the conduct of business on proper lines, and yet leave the development in the hands of those who, by their training and knowledge, are able to deal with the problems which arise without being too confined by restrictive legislation. That measure of control, however, should not be allowed to degenerate into mere harassment, for no good purpose is served by hampering the operations of sound insurers.

The business of insurance is still in its infancy in this country. There are possibilities of enormous expansion, for only a fraction of the population are policyholders. But that expansion must take place on sound lines. If I may quote the words of Pandit Jawahar Lal Nehru—words used in a special reference to the insurance industry :

" We must build our Swadeshi industry on the rock of efficiency and not merely on sentiment."

That is a dictum which no one disputes, certainly not on this side of the House.

Mr. S. Satyamurti : Clear out then ! We will build it up.

Sir Leslie Hudson : I have dealt today with some of the more general matters in relation to this Bill which have been engaging so much of public attention, and I have thought it desirable at the outset of our discussions to indicate to the House the very broad views we hold on those matters. We shall, during the next few days, table a number of amendments to certain clauses of the Bill. We shall put in those amendments in a desire to make a constructive contribution towards improving the Bill which we believe is directed towards fulfilling a good purpose and in that sense I support the motion moved by the Honourable the Law Member.

Mr. George Joseph (Madura and Ramnad *cum* Tinnevely : Non-Muhammadan Rural) : Mr. Deputy President, it has fallen to me to make what is usually called a maiden speech in connection with a Bill of such complexity and importance and therefore I hope I shall be justified in claiming a special degree of indulgence and patience and kindness from the House. I am inclined to agree, Sir, with the observations you made and the complaint that this Insurance Bill, though professedly built on the doctrine of the minimum of interference and the maximum of publicity, really does not observe that principle. In that matter I sympathise with you and I rather agree with your position that the English doctrine that was adopted in the Act of 1912 was probably better but we are now concerned with a measure of 1937, when what may be called the old Victorian liberalism has been swept away from the councils of the political atmosphere of the world. We are moving, however regretful or unwise it may be, away from it and moving more and more towards a totalitarian conception where the State assumes more responsibility and feels that it must do more for the people than according to the old doctrines of Victorian liberalism. That seems to be the whole difficulty in contrasting the measure of 1912 with the Bill of 1937. Unfortunately for us today, the ordinary citizen is regarded as thoroughly helpless. He is regarded almost as a tame rabbit. It is the policy holders' interests that are being supported and maintained by the Government. Whether that reflection on the capacity of the ordinary citizen to take care of himself is right or not, that is a different question. I myself have got considerable doubts about it. But at any rate that is the atmosphere in which we are today and therefore dealing with an Insurance Act of 1937 we have got to assume that the ordinary policy holder is not able to help himself. The ordinary policy holder is not able to take care of his own interest on the basis of the contract which is ordinarily called a policy between the policy holder and the insurer.

The fundamental basis of this Bill as of any other Bill which would be produced in these times would be that the policy holder has got to be taken care of and that the Government must protect him. That is one of the fundamental assumptions of this Bill and secondly there is another assumption which the Honourable gentleman representing the European Group seems to have ignored.

The second fundamental assumption of this Bill is that while the policy holder is to be taken care of and prevented from being victimised by crafty or designing insurers or insurance agents it is possible for us to make ourselves in India self contained in the matter of insurance and therefore as far as possible keep the non-Indian insurer out of the picture. It is only to the extent that Sir Leslie Hudson has ignored that aspect of the matter, his speech, if I may say so with all respect, has missed the point. These two fundamental propositions have to be accepted. The policy holder has got to be protected and the Indian insurer must be permitted to develop his business in this country just as the European insurers develop their business in their own country and that they should have an opportunity of developing their own insurance business without an undue and unfair competition from other forms of insurance business which have been built up earlier than theirs. Therefore, unless we accept these two fundamental propositions, there is a real danger of missing the

purpose of this Bill. If you just look at the general scheme of the Bill you will see that there are a series of provisions for protecting the policy holders—the deposit question, the minimum of working capital and the way the money in the hands of the insurer should be invested, how the accounts should be kept and so on. All these things are conceived on the basis of this assumption that the policy holder must be protected by these and similar measures and these measures are absolutely necessary for his protection. The first thing, therefore, that should be accepted is that the policy holders' interest should really be maintained and taken care of and if that is accepted, nearly the whole of the criticism you, Sir, directed against this Bill is really beside the point. I am not now dealing with any special clause of the Bill as it has come out of the hands of the Select Committee, but there are certain broad aspects on which I think I may be justified in offering a few observations.

Now, Sir, I have already mentioned a number of provisions that have been made for the protection of the policy holders but I think there are just one or two points more to which the attention of the House may properly be drawn. There is just one thing which strikes me as being remarkable by its absence and omission. That is there is no limit put to the insurer's profits out of this insurance business. Now, this insurance business is rather a curious thing. The shareholder starts with a fairly small sum of money and by his experience and by his competence and by his honesty, he is able to inspire confidence. Various people come forward as policy holders, offer premia and in course of time nearly the largest position of an insurance company's money is really the policy holders' money. I was told of a remarkable instance of some companies starting with a fairly small sum of money. Today they offer dividends which amount to 1500 per cent. The prospect of being a share holder in such a company must be a cheerful one and quite naturally no shareholder who gets such a handsome dividend will allow the share to slip out of his hands. That is perfectly natural and the one way in which the insurance companies and the insured have been compromising with their conscience is by the invention of the bonus system. They themselves are staggered at the magnitude of their profits and they really want to compromise with their conscience by offering what is called a bonus to the policy holder at the end of a working year or at the end of five years or whatever it may be. It is extremely creditable of them but it seems to me that once that proposition is recognised, some how or other we must really fix what might be regarded as a maximum reasonable dividend beyond which no shareholder should be allowed to take. What that figure should be is more than I can say. (An Honourable Member : " 6 per cent ") I am not going to offer any suggestion. It is really for the House to decide. I am a lawyer by profession and I am not a business man in that sense. I really do not know what would be a proper figure, which may be regarded as a maximum figure. Well, I would certainly like that suggestion to be incorporated by a suitable amendment in the Bill.

Secondly there is a clause in the Bill which provides for inspection. There is clause 28 of the Bill which deals with inspection. Now, the general substance of it is that it will be open to the Superintendent of Insurance to order an inspection of a particular insurance business if there is reason to suspect that that insurance business is not properly conducted or there is a risk of insolvency or there is a risk of a loss to the

[Mr. George Joseph.]

policy holders. Now, I do not like that clause for two reasons. In the first place, inspection should not be regarded as so abnormal a thing as is suggested in that clause. I would much rather prefer a scheme by which Inspectors under the Superintendent of Insurance will have the right to go to the office of any Insurance Company and there examine the books, examine the funds and examine the investments and should be in a position to make a report to the Superintendent. It should be regarded as one of the normal instances of an insurance company's life to see and examine all the books and see whether things are all right. Now, under clause 28 the very fact that the Superintendent has ordered an inspection raises a reflection or a suggestion that things are not quite all right. In the vast majority of cases I am quite satisfied that the insurance companies are being worked well and even when the Superintendent has decided to stay his hand, the mere fact that the inspection of an insurance company has been ordered by the Superintendent will really damage the reputation of that company whatever the final result may be. Most probably the result of the investigation may be that the affairs of the company are going on all right; the investments are all right, the accounts are all right. But even then, when it is found that an insurance company so and so has been ordered to be investigated by the Superintendent, it will have a fairly bad time. Even though it may come out with a clean sheet, there will be a kind of suspicion abroad that the Inspector has squatted up the things which were not quite all right. I really do not want any kind of reflection to be left behind. I would much rather prefer a series of investigations to be conducted into the business of every insurance company. I am using the word "every" for this reason that it is for the Inspector himself to decide which insurance company he will examine and it must be done without notice. He must have absolute right to go and examine the company's affairs and make a report to the Superintendent whether things are right or wrong. If things are right, no harm is done. But if things are wrong, naturally the Superintendent will have the right to go to the court and so on. Clause 28, as it stands, imposes a burden on the insurance office. It is really a case in which the burden of proof is practically thrown on the insurance office to prove that things are perfectly right when they go to court. I do not know whether the insurance companies may be wicked or wise. In any case, they should not be burdened with a responsibility which nobody in the world can properly discharge when things are going on all right and yet somebody suspects that things are wrong.

Then, as for the powers of the Superintendents themselves. As I have said already, the Superintendent has powers and functions which are not confined to the policy holders. I quite sympathise with the suggestion that the powers of the Superintendent are so enormous that there is certainly a peril of those powers being exercised tyrannically. I myself should have considerable misgivings and searchings of the heart before I should have approved of it but for two reasons. One is my hope that in course of time the Superintendent will cease to be a Superintendent. He will probably become a member of the Board in which he will be advised by non-official members and by the representatives of the public. It may not be today but I am quite sure in course of time that is inevitable and it is bound to come about. Secondly, whatever the position

of the Government of India today may be, however irresponsible it may be, whatever complaints we may have against it, the signs of the times are obvious that that kind of position is not going to last indefinitely. There is bound to be a time when this Government will be responsible to this House and through this House to the electorate all over the country. Therefore, even though this looks to be fairly high degree of power to be vested in the Superintendent, I am reasonably certain that the time spirit will save the Superintendent from descending to the worst possible tyranny that he is likely to get into.

Then, I come to the second question, the question of making insurance, both life and other, as far as possible national. Now, today the Leader of the European Group pleaded for his people. We in this House have got the same right to meet our own people. About the controversy over clause 3-A, which was mentioned by the Honourable the Law Member in his opening speech I do not want to say anything. That is a difficult question. It is a question on which I am sure the leaders of my Party will give a proper guidance to their Party as well as to the House. Therefore, I do not want to say anything about it now. But there is just one thing which I must say. It is quite true that as things now stand you cannot discriminate against insurance people from the United Kingdom. I was just thinking of a solution. Supposing this insurance business is made a monopoly of the State,—whether Central or Provincial—then I am perfectly certain it would not be possible for any European to say that a European is being discriminated against as against an Indian. It may be quite open to the State to exercise that monopoly in different ways. It may have its own departments of running insurance. The Central Government may have its own Department and the Provincial Governments may have theirs. It is quite possible that just as in the case of the monopoly of spirits, the State might really issue licences to people who would compete in the open market for exercising this function of a monopoly. It may be a European or it may be an Indian, that does not matter. If it is an Indian company, I suppose they will have a fair field and have all the possible favour they can from their own people. I am prepared to recognise that. Finally, it will come to this. I quite recognise that today we are dealing only with this question but in course of time partly as a result of the sheer growth of insurance companies in this country, things will come to this pass that the State will have to take up the whole responsibility of insurance both in life and general, accident and motor cars and all the rest of it. That may be one way of getting rid of this discrimination against which the Government of India Act provides and to which the Honourable the Law Member drew our attention this morning.

Mr. Bhulabhai J. Desai : That is a better way : that is self-government.

Mr. George Joseph : Self-government there is. But I am now talking of the thing as it stands under the present Act. We have got to fight the present Act and when self-government comes the Act will automatically go away. But dealing with the situation as it stands today, and I do not know whether I will be within the compass of the Bill that has been introduced by the Honourable the Law Member, I would very seriously suggest that the possibility of the State taking up the monopoly of insurance may be considered. It may not be within its compass, but I really do not want

[30TH AUG. 1937.]

[Mr. George Joseph.]

to offer any very confident opinion about that. Therefore, Mr. Deputy President, these are the main considerations on the basis of which the whole Bill might be discussed and the decisions arrived at. From the point of view of the Party to which I have the honour to belong, on the whole we are in favour of this Bill being passed into law with such amendments as would be suggested at the proper time. With reference to the particular amendments that may be moved owing to difficulty or owing to nervousness, I am sure we shall deal with them in due time. There is just one matter which I should like to mention. It has not developed out of my argument so far. But I shall make a present of it both to my Leader and to the Honourable the Law Member and that is about the definition of 'Indian insurer'. The definition says :

" ' Indian insurer ' means an insurer three-fourths of whose paid up capital is held in their own right by British Indian subjects domiciled in India, and three fourths of the members of whose governing body are British Indian subjects."

Here I am not dealing with the serious, fanciful and perhaps sophisticated difficulties raised by the Honourable the Law Member, but I should like both sides to consider whether the word " British " may not be omitted from that clause so that an Indian insurer may refer to all Indian subjects. I do not know whether there is any snag or any catch, but so far as I am concerned, there is none, but if there is any, I shall submit to the decision of the House. Mr. Deputy President, I thank you for giving me the opportunity of placing my views before the House.

Dr. R. D. Dalal (Nominated Non-Official) : Mr. Deputy President the justification for my intervention in this debate is that I have been a medical examiner to the Oriental Life Assurance Company ; and I propose to deal with some of the general considerations of the Bill—the Bill to consolidate and amend the law relating to the business of insurance.

In the first place, I heartily congratulate the Honourable the Law Member on his clear, lucid and extraordinarily interesting exposition of the Bill, and on the prospect of securing the passage into law of this useful Bill ; and I hope that the success the Honourable Member is likely to achieve in this instance will be an encouragement to him to pursue his efforts on behalf of the public and Government, and to initiate legislation as to unemployment insurance, national health insurance, death duties Bill and so on, and to exercise the same energy and pertinacity....

The Honourable Sir Nripendra Sircar : Do you want me to stay here for ever ?

Dr. R. D. Dalal : My Honourable friend, Mr. Susil Sen's report is a most valuable document on insurance, and perhaps the greatest compliment to Mr. Sen is the fact that this Bill is practically in accordance with his recommendations.

Mr. Sri Prakasa (Allahabad and Jhansi Divisions : Non-Muhammadan Rural) : Not at all.

Dr. R. D. Dalal : Sir, this Bill has many real merits—it will have the effect of quickly bringing to grief the unscrupulous promoter or speculator who seeks to exploit the illiterate and the unwary ; it will assist the public in discriminating between sound and unsound insurance companies ; and it will promote life insurance throughout the whole country.

The main justification for any amendment of insurance law must be the protection of the policy holder's rights. These rights must be safeguarded by all possible means, because the average policy holder is a person unversed in commercial matters, much less in the reading of balance sheets, and the life insurance policy frequently represents all the provision he has made for his family in the event of his death. The insurance company is an institution formed by businessmen under legal advice and directions. The company has ample means, money and ability to promote and to protect its interests. But the insured is an individual depending on himself and his meagre resources. He has his poor earnings of rather his savings to stand by ; so he expects Government and Legislature to frame the Bill and to make it such as will automatically protect his savings and his heirs when he is gone. Now-a-days the ideas and ideals of insurance are properly brought home to the large population of this country, and the population of India is slowly becoming more insurance minded. Now-a-days there is better appreciation of human life ; and slowly but steadily the idea is getting round that man has got an economic value just as a property has a value in terms of rupees and annas and pies. There is no other machinery invented by the genius of man to preserve this economic value than the institution of life insurance. In times of need people naturally turn to this great institution. Every year minors become majors ; and many people get into employment and industries. They are all potential life insurance policy holders, and that is why there is no such thing as a saturation point in the life insurance business. Life assurance is a wise precaution for every citizen. India is, however, still heavily underinsured as compared with other countries ; and if this Bill quickens the growing pace of its popularity by removing abuses, its great sponsor—the Honourable the Law Member will have performed a great public service. (Hear, hear.) In England, life insurance is encouraged by the grant of a rebate of income-tax, which is on the basis of half the standard rate. The effect of this is that one-eighth of the premium is paid by Government. It is very much in the interests of Government that this admirable form of saving should be encouraged. When endowment assurances mature, Government secures its share through taxation of the income derived from the investment of the proceeds ; so the generosity of Government is thus rewarded. Sir, the key-note of this Bill is maximum publicity, which will operate as a powerful safeguard against fraud, corruption and mis-management. The growth of this national institution has, unfortunately, become the breeding ground of certain evils. One of the evils is frivolous floatation of ill-equipped and under-capitalised mushroom companies, which by reason of their inherent weakness and inefficiency tend to bring their own ruin, and thereby threaten to bring the whole Indian insurance into disrepute, and to undermine the confidence of the public. The introduction of heavier statutory deposits, the minimum working capital, and the abolition of the managing agency system will eliminate the floatation of unsound companies. Full disclosure as to accounts, licensing of agents, and penalising of rebates will materially assist in regulating the business, which today has reached a stage which is really deplorable.

Sir, this Bill empowers the Superintendent of Insurance to step in if he has reason to believe that the security of an insurance enterprise is not all that it should be, to call to book any concern whose finance

[Dr. R. D. Dalal.]

does not merit the confidence of the public, and to call for information with the object of determining if the insurance enterprise is solvent or insolvent. If the company does not supply full information, the Superintendent of Insurance is authorised to take steps to investigate its affairs. The confidence of the public in well-managed insurance companies can only be confirmed by their readiness to face full publicity for their accounts and by their desire for maintenance of the best insurance practice. Government are fully alive to the fact that all interests should be given equal opportunity. To give any class of companies positive preference would be tantamount to commercial discrimination, which is contrary to the provisions of the Government of India Act, 1935. In this Bill all insurers, whether Indian or non-Indian, public or private companies, are treated in respect of all forms of Government control in exactly the same way; and no preference or privilege of any kind is granted to one which is refused to another. This Bill aims at minimising the chances of unfair competition between Indian and non-Indian companies by placing them in exactly the same position as regards registration, minimum working capital and statutory deposits. All are subject alike to the supervision of the Superintendent of Insurance. Sir, it should not be assumed that restrictive conditions upon the business of non-Indian companies would necessarily foster the growth of indigenous companies. When we remember that Great Britain has originated all forms of insurance, and has led the way in their practice, and has taken a leading part in the development of insurance throughout the world, it is particularly significant and noteworthy that legislature in the United Kingdom has abstained from any provision designed to hamper non-British companies, and free trade in this matter has assisted rather than hindered the development of British companies. Sir, in the operation of insurance business the principle of mutuality would be advantageous. It would consist in some restriction as to the limit of dividends to the shareholders, and some enhancement of benefits to policy-holders. It is a matter of great importance that some representation should be given to the policy-holders on the Boards of Directors, and I welcome the new clause 42. There should also be a provision that policies when issued should contain a complete schedule of surrender and paid-up values worked up, and it should not be open to the insurance companies to make any alterations afterwards. This Bill concedes the principle of reciprocity, under which foreign companies seeking business in India should be subjected to restrictions and disabilities which would be imposed upon Indian companies seeking business in their countries. In this connection I would point out that Japan does not encourage any insurance companies to enter Japan to do insurance business. Policyholders should have a prior claim on the funds of the insurance companies including deposits. These funds are accumulated from premiums. I emphasise this aspect of policyholders' interest, because the Bombay High Court has held that no such charge is contemplated by the Act of 1912, and that the heirs of the deceased policyholders rank with the ordinary creditors of the company in liquidation. Every sincere well-wisher of insurance enterprise will cordially welcome the provisions calculated to make it easier for claimants to secure payment of policy moneys on the death of a policyholder.

Now, Sir, I shall pass on to a very important point,—the managing agency system. Sir, there is no advantage in recalling the strife which attended the clause in the Indian Companies Bill in respect of the managing agency system, if it were not for the fact that the opposition, which the Honourable the Law Member then encountered, afforded him an opportunity of employing his talents of persuasion and of displaying qualities of courage, resilience and resource, which broke down all resistance. Sir, I must confess that I am not convinced as to the necessity for retaining the managing agency system in insurance business. In an industrial concern the managing agent has year after year to pledge his personal credit to finance it, but there is no such need in insurance business. Having regard to the nature of insurance business no financing arrangements are necessary. Insurance companies are investors of money and not borrowers of money. Under the Indian Companies Act, managing agency for banking companies is prohibited. Managing agents use their position to serve their own needs irrespective of the good of the parties they are serving, and they carry away a substantial portion of the profits which should reasonably be distributed amongst the policyholders and shareholders. In a great many instances the interest a managing agent secures on the terms of his agreement is entirely out of all proportion to the service he renders. He rarely devotes his whole time and attention to the affairs of the company. In many cases he is the managing agent of several concerns; so his time and attention and interest are naturally distributed over them all. Sometimes he takes only a sleeping interest in the actual management of the company which is left to men employed to manage it. The remuneration paid to the managing agent should be shown separately in accounts and not incorporated in general expenses as is at present done to hide the managing agent's interest and income.

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

The commission paid to the managing agent is usually a percentage on the premium income, but life insurance companies earning increasing premium income may actually be accumulating loss. This fact may not be obvious in the case of the life insurance companies except by an actuarial valuation, which is usually made once in five years. Sir, it is not the intention of the Bill to cause any loss to any managing agent; it is, however, not the intention of the Bill to permit a managing agency agreement to become a gold mine at the expense of the policyholders and shareholders. For all these reasons I am strongly of the opinion that early abolition of the managing agency system, that is, on the expiry of three years from the commencement of the Act, is a salutary provision.

Sir, to prevent loss through inept management it would be salutary if the Act would provide for the establishment of a Bureau of Information, where persons interested in insurance could be instructed in the technique of the subject, and where statistics could be collected bearing on points which insurance, especially life insurance, has to take into account.

In the measures of control provided by the Act the actuary is all important, and the licensing of agents is a useful provision. An insurance agent is, so to say, the life-blood of a company. Upon the

[Dr. R. D. Dalal.]

proper conduct of his calling depends to a great extent the future of the company. It is he who is expected to maintain a high standard of insurance business. So questions relating to actuaries and agents must be considered. Sir, I urge the importance of specialised education on scientific lines for actuaries, agents, and those who desire to practise insurance, and I suggest that an Institute should be established on the lines of the Chartered Insurance Institute at Aldermanbury in London, which provides specialised education for those engaged in insurance as a profession, and which confers diplomas and grants certificates of proficiency in insurance.

Sir, one aspect of insurance activity, which is of great importance, concerns the question of medical examination for life insurance policies. There ought to be a systematic course of instruction in medical life insurance, so that the lives of persons sent to medical men for examination, could be more correctly assessed. Instruction in medical life insurance might also assist in checking the irregular practices of unscrupulous insurance agents and even some unscrupulous medical men. Not all examiners for life insurance companies are medical men holding university qualifications. In many upcountry stations medical examination for life insurance has to be undertaken by lower grades of the medical service, which fact is responsible for wrong decision and perfunctory medical reports. Owing to inadequate knowledge and ignorance of medical examination for life insurance, many medical men fail to appreciate properly the actual quality of a life, so they are apt to arrive at wrong decisions and to submit perfunctory reports. These reports are unfair both to the insurance companies and to the insuring proponents, who are often wrongly loaded with an undeserving extra premium, or are even rejected on the strength of such unreliable reports. With a view to rectify this deplorable state of affairs, I would emphasise the urgent and imperative necessity for introducing a course of instruction in medical life insurance in medical colleges of the Indian Universities, and Medical Schools of the Colleges of Physicians and Surgeons, and for instituting post-graduate courses of instruction by a series of lectures by trained University lecturers for medical men engaged in private practice. The expenses incurred on these courses of instruction could be met by taking small admission fees and by contributions from various flourishing insurance companies. These suggestions would be fraught with substantial results. There would be a marked improvement in the cadre of medical examiners for life insurance companies, and, therefore, a very considerable saving in early claims, and it would also open up a new field for the employment of medical men as medical examiners to life insurance companies.

Now, Sir, I shall just say one word as regards Post Office Life Insurance Fund. It is said that Post Office Life Insurance Fund is competing with insurance companies in India, so Government should close this business. Let me relate very briefly the history of Post Office Life Insurance Fund. Post Office Life Insurance Fund was originally designed for post office and telegraph employees, and the limit of insurance was Rs. 4,000. Subsequently this fund was thrown open to all Government servants. The rise in prices and the consequent increase in salaries which followed the Great War, led to demands being

made by upper grades of Government servants to raise the value of policies to Rs. 10,000. In 1920 this demand was granted by Government. After some time the Secretary of State informed the Government of India that nothing should be allowed to prevent Government servants from obtaining the best possible benefit of Post Office Life Insurance Fund. So in 1932 the limit of insurance was raised to Rs. 20,000. Now, Sir, this Post Office Life Insurance Fund is an optional form of life insurance for Government servants only; it is a legitimate State activity; and it fills a definite role in enabling Government servants to make provision for themselves and their dependants. A study of occupational tables in the Census Report shows that Government servants form about one per cent. of the total population of India. The amount of insurance business done by Post Office Life Insurance Fund is a very small percentage of the total insurance business done by Indian and non-Indian Insurance Companies. For these reasons, I am strongly of the opinion that it is not in any way unfair for the State to run Post Office Life Insurance Fund for the benefit of Government servants.....

Mr. N. M. Joshi : Why not for others ?

Dr. R. D. Dalal : Now, Sir, I wish to refer to one important point only. It is a matter which, I think, will not brook any further delay. Sub-clause (1) (d) of clause 6 of this Bill fixes the amount of deposit for motor car insurance business. In this connection I submit that in view of the continued high rate of incidence of motor accidents on the road advantage should have been taken of this opportunity to include compulsory motor insurance within the scope of this comprehensive Bill. Although India has got the smallest number of motor vehicles in the world, so far as accidents are concerned, this country takes a high place as compared with other countries. The incidence of motor accidents in India is far in excess of that in any other country in the world. In India the rate of deaths per motor vehicle is the appalling figure—93 per 10,000 as compared with 59.4 in Italy, 30.6 in Great Britain, and 7.4 in New Zealand. This calls for drastic and expeditious legislative and administrative action.

Now, Sir, I shall bring my remarks to a close. This Bill is, in my opinion, an excellent consolidating and amending measure. It will place the whole insurance business in India, indigenous as well as foreign, on a sound footing; and it will afford ample protection to the policyholders. A satisfactory feature of the Bill is the striking unanimity of opinion from all parts of India as to the urgent need for this consolidated insurance measure. This Bill is certainly an advance on the Act of 1912, and it will go a long way to check the evils and abuses that have crept into the insurance business, much to the detriment of the policyholders who entrust practically their lives' savings in the hands of insurance companies. This Bill has been long overdue, and I hope it will be brought into force as speedily as possible, because promptitude is essential to the success of the measure. I have great pleasure in giving my unqualified support to the Bill and to the motion to take the Select Committee's Report into consideration. (Applause.)

The Assembly then adjourned till Eleven of the Clock on Tuesday, the 31st August, 1937.

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LEGISLATIVE ASSEMBLY.

Tuesday, 31st August, 1937.

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

MEMBER SWORN.

Mr. James Cochrane Highet (Government of India : Nominated
Official).

STARRED QUESTIONS AND ANSWERS.

(a) ORAL ANSWERS.

ATTACHMENT OF ADDITIONAL CARRIAGES TO AVOID OVERCROWDING IN THE GRAND TRUNK EXPRESS.

201. *Prof. N. G. Ranga : Will the Honourable Member in-charge
for Commerce and Railways be pleased to state :

- (a) if it is not a fact that the Great Indian Peninsula Railway Company had failed to attach any additional third class carriages to the Grand Trunk Express during the Easter Vacation Zone Ticket Season to cope with the additional traffic ;
- (b) if it is not a fact that the Grand Trunk Express was hopelessly overcrowded on the 6th of April, 1937 ;
- (c) if the guard and the under-guard declined to do anything to relieve the overcrowding on that day in the third class carriages by attaching any additional carriages at any of the junction stations ; and
- (d) whether Government propose to consider the advisability of seeing that in future such overcrowding is avoided by keeping in readiness and by being ready to attach additional carriages when the need for such is brought to the notice of the guard by any of the third class passengers ?

The Honourable Sir Saiyed Sultan Ahmad : (a), (b) and (c). Government have no information, but the Honourable Member's question will be brought to the notice of the Agent, Great Indian Peninsula Railway, for such action as he deems necessary.

(d) It is the present practice of Railways, in order to meet sudden rushes of traffic, to keep spare carriages at strategic points with which

to augment the accommodation on trains, subject to the engine's permissible load not being exceeded. As this aspect of the Honourable Member's question concerns all Railways, a copy of it, together with a copy of this reply, will be sent to all Agents for such furlough action as may be deemed necessary.

†202.*

AMENDMENT OF THE INDIAN COMPANIES ACT.

203. *Mr. T. S. Avinashilingam Chettiar : Will the Honourable the Law Member state :

- (a) whether any defects in the recently passed Indian Companies Act have been pointed out to him by the public ; and
- (b) whether the Government are considering them and propose to bring forward an amendment in this respect in the near future ?

The Honourable Sir Nripendra Sircar : (a) and (b). The Honourable Member is doubtless now aware that a Bill to remove certain minor defects to which attention has been drawn has already been introduced and referred to a Select Committee of the Assembly.

Mr. T. S. Avinashilingam Chettiar : May I know whether this Bill is in reference to all the points that have been referred to the Honourable Member or only in reference to some of the points ?

The Honourable Sir Nripendra Sircar : If I may make a supplemental statement explaining the situation, the position is this. There are certain amendments necessary to correct obvious mistakes and slips and errors in drafting and so on. Then, a series of objections, very many in number, have come. Some of them are really trying to re-agitate matters which have either been lost or won here, and those Government have no desire of re-agitating. Then, there is another section of representations in which it is said that the working of the rules or rather sections of the Company Law will create trouble with companies. As yet, no trouble has actually arisen and Government are prepared to wait and should wait for some reasonable time before they take up into consideration these fears of practical difficulties. Those we have no desire to touch now, nor have we any desire to touch questions which had been decided by a vote of this House one way or the other.

ABSENCE OF WIRE FENCING ALONG THE RAILWAY LINE BETWEEN JHANSI AND MANIKPUR.

204. *Mr. Sri Prakasa : (a) Will the Honourable Member for Commerce and Railways state if it is a fact that there is no wire fencing along the railway line between Jhansi and Manikpur on the Great Indian Peninsula Railway ?

(b) Is it a fact that a large number of cattle have recently been killed in this section while straying on the railway line by passing trains ?

(c) Is it a fact that the line passes through a thickly wooded tract which is used as a grazing ground for their cattle by villagers living near the lines ?

†For starred question No. 202 and the reply thereto, see pages 835 to 837 of these debates.

(d) Are Government aware that villagers do not give information about their loss of cattle as they have been terrorised into the belief that they are likely to be prosecuted themselves for permitting their cattle to trespass on the lines ?

(e) Do Government propose to take steps to impress upon the Railway the desirability of having proper wire fencing put along the tract ?

The Honourable Sir Saiyid Sultan Ahmad : (a) Government understand that this branch of the Great Indian Peninsula Railway is only partially fenced.

(b) to (d). Government have no information.

(e) No. The attention of the Honourable Member is drawn to the information laid on the table on the 2nd April, 1937, in reply to his question No. 525 of the 6th March, 1937.

Mr. Mohan Lal Saksena : On a point of order, Sir. You were pleased to rule that when a question is worded, "Is it a fact..." the Government are bound to make enquiries and let us know whether it is a fact. The Honourable Member has just now said that the Government have no information.

Mr. President (The Honourable Sir Abdur Rahim) : I do not remember having ruled that whenever the Government Member says they have no information, invariably they must make enquiries. To which part of the question is the Honourable Member referring ?

Mr. Mohan Lal Saksena : Parts (b) and (c).

Mr. President (The Honourable Sir Abdur Rahim) : If you ask the question, the Honourable Member may make enquiries.

The Honourable Sir Saiyid Sultan Ahmad : We have made enquiries and got no information as to the number of cattle killed on this section.

Mr. S. Satyamurti : With regard to the answer to part (c) of the question, "Is it a fact that the line passes through a thickly wooded tract which is used as a grazing ground for their cattle by villagers living near the lines ?" they should be able to get information. Surely it does not require a very elaborate calculation or enquiry.

The Honourable Sir Saiyid Sultan Ahmad : As regards the first part, "Is it a fact that the line passes through a thickly wooded tract ?" the answer may be Yes, but as regards the part, "...which is used as a grazing ground for their cattle by villagers living near the lines", I have no information about that.

Mr. S. Satyamurti : Are there no village officers ?

Mr. Sri Prakasa : I should like to make a submission. These questions are really based on information, and the facts mentioned are correct. It is only because of the exigencies of the rules that questions are put in a particular form. The purpose clearly is that the attention of the Government should be drawn to this, so that they may take necessary steps to redress the particular grievance.

Mr. President (The Honourable Sir Abdur Rahim) : That I quite see, but I understand that the Honourable Member is not in a position yet to give the information asked for in part (c) of the question.

L232LAD

[31st Aug. 1937.]

Mr. S. Satyamurti : May I know whether the Government have attempted to get any information, and, if so, what the attempt was, and when it was made?

The Honourable Sir Saiyid Sultan Ahmad : So far as part (c) is concerned, to find out whether the line passes through a thickly wooded tract which is used as a grazing ground for their cattle by villagers living near the lines, it would be necessary to look into the village papers to see whether they have got any grazing ground there or not. All these questions will have to be gone into and it is very difficult to get information. It will take a long time to get the information and it will not be commensurate with the trouble and expense involved.

Mr. K. Santhanam : Cannot you enquire from the Provincial Governments?

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member says that it is not worth the trouble.

Mr. Badri Dutt Pande : Is not an account kept of the railway accidents that happen on the railway lines?

The Honourable Sir Saiyid Sultan Ahmad : I submit that that does not arise from the question.

Mr. President (The Honourable Sir Abdur Rahim) : It only deals with cattle.

Mr. S. Satyamurti : With regard to the answer to part (e) of the question, may I know the reasons why Government do not propose to take steps to impress upon the Railway the desirability of having proper wire fencing put along the tract?

The Honourable Sir Saiyid Sultan Ahmad : This question was answered on the 2nd April, 1937.

Mr. S. Satyamurti : But, in view of subsequent accidents, do not Government reconsider the question? When a question is put, should they simply repeat the answers given months ago?

Mr. President (The Honourable Sir Abdur Rahim) : It is the same sort of thing apparently. The answer was given some time ago and I do not see why it should be repeated.

Mr. S. Satyamurti : But since then, accidents have happened.

Mr. President (The Honourable Sir Abdur Rahim) : But they happen every day but it does not follow that the answer should be repeated every day.

Mr. Mohan Lal Saksena : Did the question relate to this particular line?

The Honourable Sir Saiyid Sultan Ahmad : Yes.

Mr. Sri Prakasa : With reference to the Honourable Member's reply to part (b) of the question, will he kindly impress upon the Provincial Governments the desirability of allowing all complaints to come to the Central Government and not terrorising the villagers into the belief that they can themselves be harassed if they send up the complaints?

STARRED QUESTIONS AND ANSWERS.

Mr. Sri Prakasa : Numerous cattle belonging to a friend of mine have been killed and that is why I have put this question down.

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member may find out if there is a legal remedy.

Mr. Sri Prakasa : If the Honourable Member will not have fencing, cattle will stray on the line and get killed. The Police will not allow the villagers to complain. The Honourable Member says that he has no information and he does not intend to get the information. Thus we are put in a position which is intolerable.

Prof. N. G. Ranga : Is it permissible for cultivators who have lost their cattle owing to the absence of this wire fencing to inform the Central Government about their losses directly?

The Honourable Sir Saiyid Sultan Ahmad : That does not arise either from the answer I have given or from the question put.

RULES FOR ELECTIONS TO THE INDIAN LEGISLATIVE ASSEMBLY FROM THE UNITED PROVINCES.

205. **Mr. Sri Prakasa :** (a) Will the Honourable the Law Member state if it is a fact that while new rules for elections have come in force in the provinces for the Provincial Legislatures, the old rules are still in force for the Indian Legislative Assembly?

(b) Is it a fact that for the Indian Legislative Assembly from the United Provinces only such persons can stand as candidates as are enrolled in the constituency from which they stand or in any constituency from which a member could have been elected to the defunct local council?

(c) Is it a fact that with the coming in force of the new rules and the preparation of new electoral rolls, the old electoral rolls for the old Provincial Council have been destroyed?

(d) Are Government aware that this has resulted in the deprivation of all persons who were enrolled for the old Provincial Council or are enrolled for the present Provincial Legislatures from the right of standing for the Indian Legislative Assembly from any constituency other than the one on which they may happen to be enrolled for the Legislative Assembly also?

(e) Are Government aware that this has created a great deal of inconvenience and confusion at the recent bye-elections to the Indian Legislative Assembly in the United Provinces?

(f) Do Government propose to take steps to modify the rules so as to enable electors enrolled on any constituency for the Indian Legislative Assembly in the province to stand for any other constituency in the same province or to permit anyone enrolled on the electoral rolls of any constituency in the province for either House of the Provincial Legislature to stand for the Indian Legislative Assembly?

The Honourable Sir Nripendra Sircar : (a) New rules under the new Act have necessarily been made for the new Provincial Legislatures constituted by the new Act. Elections to the Indian Legislative

Assembly continue to be regulated by the Legislative Assembly Electoral Rules made under section 64 of the old Act which is continued in force by section 317 of the new Act. But on the 1st April, 1937, amendments consequential on the commencement of Part III of the new Act were made in those rules.

(b) No. The position was as stated up to the 1st April, 1937, but the amendments referred to in my reply to part (a) included an amendment on this point with the effect of substituting as the relevant qualification for candidature entry on the electoral roll of the constituency for which the candidate seeks to stand or of any other constituency of the Indian Legislative Assembly situate in the same Province.

(c) to (e). I am prepared to assume that the answer to part (c) should be in the affirmative, but in view of the answer to part (b) the consequences apprehended in parts (d) and (e) cannot have arisen.

(f) As indicated in my reply to part (b) the rules have already been amended in the first of the alternative senses suggested. A further amendment in the second of those senses is not contemplated.

Mr. Sri Prakasa : Is the Honourable Member aware that the qualifications for the old Provincial Councils were lower than the qualifications for the Indian Legislative Assembly ; and if it is not a fact that large numbers of persons who could, under the old rules, stand for the Indian Legislative Assembly cannot now do so, because their qualifications are only in accordance with those prescribed under the old rules for the old Provincial Legislative Councils ?

The Honourable Sir Nripendra Sircar : The answer to the first part is " Yes ", and it follows that the answer to the second part must also be " Yes ".

Mr. M. Asaf Ali : With reference to (c), is it not a fact that all these electoral rolls remain in force for three years, and, in the case of provinces, they have to remain in force for five years. Why should they be destroyed ? Part (c) is as follows :

" Is it a fact that with the coming into force of the new rules and the preparation of new electoral rolls, the old electoral rolls for the old Provincial Council have been destroyed ? "

I understood the Leader of the House to say that he assumed that they were destroyed. Why should they have been destroyed when they have to remain in force for five years ?

The Honourable Sir Nripendra Sircar : I believe my friend says " Why should they have been destroyed ? ". They refer to the rules of those bodies which themselves have been destroyed, namely, the old Provincial Councils do not exist and these rules refer to them.

Mr. Sri Prakasa : In view of the fact that this Assembly had to supply Prime Ministers to Provinces.....

Mr. President (The Honourable Sir Abdur Rahim) : I do not know that that is one of the functions of this Assembly.

Mr. Sri Prakasa :.....and in view further of the fact that many seats were likely to be rendered vacant necessitating bye-elections and that the electoral rolls could not be revised for these bye-elections.

may I ask why, the Honourable Member, when he was actually changing the rules, did not extend to the electors on the rolls of the present Provincial Assemblies and Councils the same privileges that were enjoyed by those enrolled for the defunct Provincial Council ?

The Honourable Sir Nripendra Sircar : I hope my Honourable friend will not ascribe it to my old age that I cannot recollect a long question hurriedly put. I can assure him that if he will put down a question, I will give him an answer.

Mr. Mohan Lal Saksena : May I know why the voters of the Provincial Assemblies have not been made eligible for being nominated to the Central Legislative Assembly under the new rules, as the voters of the old Council were ?

The Honourable Sir Nripendra Sircar : I believe the Honourable Member is referring to nomination as a candidate. What reasons can I give except to say that it was considered the best thing to do. (Laughter.)

JOINING OF THE FEDERATION BY THE PRINCES.

202. **Mr. T. S. Avinashilingam Chettiar :** Will the Honourable the Law Member state—

- whether negotiations have been made by the princes for their joining the Federation ;
- how many princes have agreed and how many have yet to agree ; and
- when Government expect to start the Federation ?

The Honourable Sir Nripendra Sircar : I am now ready to answer question No. 202.

(a) Exploratory discussions have already been held with the Ruling Princes and Chiefs covering most of the federal field, but the stage of formal negotiations for accession has not yet been reached.

(b) and (c). No answer can be given in view of the position stated in reply to part (a).

Mr. Mohan Lal Saksena : Will the Honourable Member consult an astrologer ?

The Honourable Sir Nripendra Sircar : If you will kindly name one ?

Mr. S. Satyamurti : I suggest Sir N. N. Sircar !

Mr. T. S. Avinashilingam Chettiar : May I know what stage the negotiations have reached and whether this House will be consulted before coming to a decision on the matter.

The Honourable Sir Nripendra Sircar : At the present moment, I have no instructions to give any undertaking of any kind or to raise any hopes of any kind, nor am I prepared to disclose the stage which the negotiations have reached.

Mr. N. M. Joshi : May I ask, during the course of the negotiations, how the interests of British India are being protected ?

The Honourable Sir Nripendra Sircar : As the negotiations are expected to be kept confidential by both parties and they are in a stage of negotiations, I hope you will not ask me to answer this question, as I cannot disclose the machinery of the negotiations. It is neither in the interest of the negotiations nor in public interests to make any disclosure.

Mr. S. Satyamurti : In view of the fact that British India is a predominant partner in the Federation, and in view of the fact that the Round Table Conferences were held on the basis of British India, the Princes and the British Government entering into the Federation, may I know why, at this stage, the Government have gone back on the old procedure and have ignored British India which is a dominant partner?

Mr. President (The Honourable Sir Abdur Rahim) : There is no representative of British India in the negotiations. Is that your question?

Mr. S. Satyamurti : Yes, Sir, there is none.

The Honourable Sir Nripendra Sircar : I think it will be impossible to carry on any confidential negotiations if a third party, presumably a hostile one, is allowed to come in.

Mr. S. Satyamurti : May I ask if the Government of India have come to the conclusion that the British Indians are hostile to these negotiations, and how do they propose to protect the interests of British India, which are vitally affected by these negotiations?

The Honourable Sir Nripendra Sircar : Government have not come to the conclusion that the British India is hostile or has any grievance, but they have come to the conclusion that the people who make inquiries here about these confidential matters are hostile, and try to create a grievance.

Mr. S. Satyamurti : I may be hostile, but I have been sent here by the City of Madras and other representing lakhs and lakhs of voters of British India. I would ask the Honourable Member what steps Government are taking or propose to take to protect the interests of British Indians who have got to come here. They must take somebody in their confidence.

The Honourable Sir Nripendra Sircar : The opening remarks I ignore. The Government of India are taking all possible steps to protect British Indian interests. The method I am not prepared to disclose.

Mr. S. Satyamurti : Who are the representatives of the British India? Whom are they consulting?

The Honourable Sir Nripendra Sircar : There is no lack of friends to consult. We have so many, but my friend's inquisitiveness will go unrewarded.

Mr. S. Satyamurti : May I know who are the representatives of British India whom they are consulting, or how do they ascertain the views of British India on these delicate and difficult negotiations?

The Honourable Sir Nripendra Sircar : It is not difficult for the Government of India to ascertain the views of British Indians. It is done in the best way. I cannot give further information.

Mr. S. Satyamurti : With regard to these negotiations, may I know how the views of British Indians are being ascertained, and if they are being ascertained?

The Honourable Sir Nripendra Sircar : I refuse to disclose any information about how these negotiations are being carried on: who are being consulted and what is being done, or is happening.

Mr. S. Satyamurti : My Honourable friend just said that the Government have facilities for consulting British Indian opinion. Now he goes back on his own words and says: "I do not want to tell you". I am simply asking whether, as a matter of fact, they are consulting British Indian opinion.

The Honourable Sir Nripendra Sircar : They are consulting the opinions of such persons as they consider it necessary to consult. I have gone back on nothing.

Mr. S. Satyamurti : Who are they?

The Honourable Sir Nripendra Sircar : I refuse to disclose their names.

Mr. S. Satyamurti : Do they represent British India?

The Honourable Sir Nripendra Sircar : We think they do.

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

COMMUNICATION CHORDS FITTED IN THE COMPARTMENTS OF TRAINS RUNNING BETWEEN BHAGALPUR AND BERARI ON THE BENGAL AND NORTH WESTERN RAILWAY.

206. ***Mr. Sri Prakasa :** (a) Will the Honourable Member for Commerce and Railways state if it is a fact that the communication chords fitted in the compartments of trains that run between Bhagalpur and Berari railway stations on the Bengal and North Western Railway do not work at all?

(b) Is there any law because of which railways are bound to maintain these communication chords between passengers and railways?

(c) What punishment, if any, is prescribed for railways not following the law?

(d) Has any action yet been taken against any railway administration for not fulfilling the requirements of law in this behalf?

The Honourable Sir Saiyid Sultan Ahmad : Inquiries are being made and the information is being collected and will be laid on the table of the House in due course.

Mr. Sri Prakasa : In case the inquiries prove that the facts as stated by me are correct, will the Honourable Member advise the Railway concerned to put on these communication chords?

[31st AUG. 1937.]

The Honourable Sir Saiyid Sultan Ahmad : It is really a hypothetical question. When the information is received, we will take the necessary action.

Prof. N. G. Ranga : What is the reply to part (b) of this question ?

The Honourable Sir Saiyid Sultan Ahmad : I will make inquiries about that also. I have not got the information with me.

(When the Honourable the President called upon Maulvi Abdur Rasheed Chaudhury to put his question No. 207, he was not in his seat.)

Mr. President (The Honourable Sir Abdur Rahim) : When putting questions, Honourable Members ought to be in their own places.

ATTACHMENT OF ADDITIONAL INTERMEDIATE CLASS COMPARTMENTS ON THE ASSAM BENGAL RAILWAY.

207. ***Maulvi Abdur Rasheed Chaudhury :** (a) Will the Honourable Member in charge of Railways please state whether Government are aware that the number of the intermediate class compartments with each train in the Assam Bengal Railway is much less than the demand and that intermediate class compartments are more overcrowded than even the third class compartments ?

(b) Are Government prepared to take steps to put more intermediate class compartments with each train in the Assam Bengal Railway to remove congestion ?

The Honourable Sir Saiyid Sultan Ahmad : (a) Government have no information. The composition of trains is a matter of detail to be settled by Railway Administrations, having due regard to the requirements of traffic.

(b) The suggestion will be brought to the notice of the Agent, Assam Bengal Railway.

Mr. T. S. Avinashilingam Chettiar : May I ask when many more tickets are issued than there is accommodation, do Railway Companies make any attempt to add on fresh carriages ?

The Honourable Sir Saiyid Sultan Ahmad : They do.

Mr. T. S. Avinashilingam Chettiar : Do they provide them on their own initiative or only when they are being called upon to do so ?

The Honourable Sir Saiyid Sultan Ahmad : I cannot give an answer for all the Railways, but I understand they do.

Prof. N. G. Ranga : Is the Honourable Member aware of the fact that very often it happens that the railway authorities who are present on the platform refuse to add any more compartments even when requested ?

The Honourable Sir Saiyid Sultan Ahmad : I have no such information.

Mr. K. Sanathanam : Will the Honourable Member take it as our experience that additional carriages are not added ?

STARRED QUESTIONS AND ANSWERS.

The Honourable Sir Saiyid Sultan Ahmad : It may be so.
Seth Govind Das : Will the Honourable Member instruct the authorities to do something in this respect because there is a general complaint ?

The Honourable Sir Saiyid Sultan Ahmad : It depends entirely upon the load of the train and the capacity of the engine. It is very difficult to lay down any hard-and-fast rule. But all the authorities have been informed about this question and if they consider it necessary, they will attach additional carriages.

Seth Govind Das : Is the Honourable Member aware that even when the engine has the capacity to carry more wagons and even when the railway authorities are requested, they refuse to attach any carriages ?

The Honourable Sir Saiyid Sultan Ahmad : I have no such information.

Prof. N. G. Ranga : Will he take it as a fact from an Honourable Member of this House and several other Honourable Members of this House will also attest to this fact ?

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

CERTAIN OFFICERS ON THE ASSAM BENGAL RAILWAY.

208. ***Maulvi Abdur Rasheed Chaudhury :** Will the Honourable Member in charge of Railways please lay on the table a statement showing :

- (a) the total number of officers drawing
 - (i) more than Rs. 250 a month,
 - (ii) more than Rs. 100 a month,
 - (iii) less than Rs. 100 a month, excluding menials, orderlies, in the Assam Bengal Railway ;
- (b) how many in each grade belong to the province of Assam ; and
- (c) how many in each grade are Mussalmans of Assam and Bengal separately ?

The Honourable Sir Saiyid Sultan Ahmad : (a) (i), (ii) and (iii). The latest information available with Government will be found in the statements at pages 61 and 62 of Volume I and the statement at page 236 of Volume II of the Railway Board's Report for 1935-36 on Indian Railways, a copy of which is in the Library of the House.

(b) and (c). Staff statistics are not prepared by Provinces.

Maulvi Abdur Rasheed Chaudhury : May I know whether there is any Muhammadan from Assam in the employ of the Assam Bengal Railway ?

The Honourable Sir Saiyid Sultan Ahmad : My answer was that staff statistics are not prepared by provinces.

ABSENCE OF SHEDS ON CERTAIN PLATFORMS AT BAREILLY.

209. ***Mr. Badri Dutt Pande :** (a) Does the Honourable Member in charge of Commerce and Railways know that railway passengers at the important junction of Bareilly have to experience great difficulty in a scorching *loo* and during rains specially in the Rohilkund and Kumaon Railway for want of shelters in platform No. 2 and the Rohilkund and Kumaon Railway platform ?

(b) Are there proposals to build sheds in these platforms ?

The Honourable Sir Saiyid Sultan Ahmad : (a) and (b). Government have no information. The provision of shelters over platforms is within the discretion of the Railway Administration. The matter is, therefore, one which could suitably be brought to the notice of the Railway Administration through the Local Advisory Committee.

Prof. N. G. Ranga : Sir, what is the object of allowing a question like this and then telling us.....

Mr. President (The Honourable Sir Abdur Rahim) : Order, order. The Honourable Member is not to put a question as to why a certain question has been allowed.

Prof. N. G. Ranga : I bow to your ruling, Sir. At the same time, I must ask that in view of the fact that sufficient notice has been given to the Government about this particular specific claim, why is it that the Government say that they have no information ? Why is it that Government have not called for information ?

The Honourable Sir Saiyid Sultan Ahmad : I have answered that question. Government have no information at all about this inconvenience.

Prof. N. G. Ranga : Why is it that Government have not called for information ?

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member says that there is no such information as is alleged.

Mr. Badri Dutt Pande : Has the Honourable Member ever passed through Bareilly station ?

The Honourable Sir Saiyid Sultan Ahmad : I have.

Mr. Badri Dutt Pande : Has he never noticed those shelterless platforms ?

The Honourable Sir Saiyid Sultan Ahmad : I do not want the Honourable Member to draw upon my knowledge.

Mr. Badri Dutt Pande : I hope the Honourable Member will send a copy of these questions and answers to the local authorities ?

The Honourable Sir Saiyid Sultan Ahmad : I shall be pleased to do so.

CONSULTATION OF THE INDIAN LEGISLATIVE ASSEMBLY ON IMPORTANT MATTERS COMING BEFORE THE LEAGUE OF NATIONS.

210. ***Mr. S. Satyamurti :** Will the Honourable the Leader of the House be pleased to state :

- (a) the contribution which India is now paying, after the recent Resolution in the Assembly to the League of Nations ;
- (b) the number of Indians employed in the League Secretariat, according to the latest information available ; and
- (c) whether the Government of India propose to consult the opinion of the Assembly in respect of important matters coming before the League of Nations, before the Indian representatives commit themselves to any opinion on those questions, and if not, why not ?

The Honourable Sir Nripendra Sircar : (a) India is now assessed at 49 units out of a total of 935 and the amount payable in respect of the current year is estimated at Rs. 10 lakhs 4 thousand.

(b) Three in the League Secretariat and four in the International Labour Office. The number employed in the League Secretariat will be increased to four as soon as a selection has been made for a vacant appointment which is being filled from India. The Indian personnel in the pay of the League also includes the establishments of the Indian Branch Office of the League and International Labour Office with aggregate strengths of five (including two correspondents) and six, respectively.

(c) No. The proposed procedure would be impracticable if only for the reason that the agenda for the Assembly of the League does not reach India until after the termination of the Delhi Session and that instructions to the Delegates have for the most part to be issued before the commencement of the Simla Session.

Mr. S. Satyamurti : With reference to part (c), will the Honourable the Law Member consider the advisability of devising some machinery, such as a committee of the House or in some other manner, of consulting the opinion of the House through the representatives of all parties here, with regard to the attitude we should take on such important questions as the partition of Palestine, the Sino-Japanese dispute and other things which come before the League of Nations ?

The Honourable Sir Nripendra Sircar : There is no concrete proposition. If my Honourable friend or anybody will put up a concrete proposition, the least I can do is to consider it.

Mr. S. Satyamurti : With reference to parts (a) and (b), apart from the natives of Switzerland—I am not asking about them, I am ignoring them—may I know how the number of Indians employed in the League of Nations by itself, compares with the contribution we are making, namely 10 lakhs, 4 thousand, with the number of other natives of other countries who are employed, compared to the contributions which they make to the League of Nations ?

The Honourable Sir Nripendra Sircar : I remember having answered this question in great detail. For the moment I cannot lay my hand on the number of the question or the particular day on which it was answered. If information is wanted, either my Honourable friend can give short notice or if he writes to me formally I will give him the information.

Mr. S. Satyamurti : Are Government pursuing this matter of inadequacy of Indians on the establishment of the League of Nations, or will they pursue it ?

The Honourable Sir Nripendra Sircar : Government and myself personally have been constantly pursuing this policy.

Mr. N. V. Gadgil : Will Government consider the advisability of placing the Annual Report of the League for discussion before this House as is done in all other countries ?

The Honourable Sir Nripendra Sircar : I am not sure that it is done in all other countries, but leaving that alone, I cannot make any statement today as to whether this will be done or will not be done.

Mr. M. Asaf Ali : With reference to part (c), I understood the Honourable the Leader of the House to say that he wanted some concrete proposals. Will it be possible for the Government to lay before this House, or at any rate supply Honourable Members of this House, a copy of the agenda of the League and give them an opportunity of discussing certain items, if necessary ?

The Honourable Sir Nripendra Sircar : I am informed that a copy of the agenda is placed in the Library of the House. That is my information.

Mr. M. Asaf Ali : In that case, will the Government give this House an opportunity of discussing certain items of this agenda which may interest India ?

The Honourable Sir Nripendra Sircar : As I said the matter is open to my Honourable friend. He can put down a Resolution on any one or more matters appearing on the agenda. That course is open to him.

Mr. M. Asaf Ali : The difficulty is we are allotted only a specific number of days for non-official work. Will the Government allot us an official day for the discussions of such items ?

The Honourable Sir Nripendra Sircar : I quite sympathise with my Honourable friend that non-official Members do not get sufficient time for discussing all that they want to discuss and legitimately discuss. At the same time I want my Honourable friend to consider the amount of pressure on account of official business and if it is possible to accommodate my Honourable friend, certainly I should keep my mind open.

Mr. N. M. Joshi : With reference to part (b), the Honourable Member's reply was that there were three Indians on the League Secretariat. I should like to know their names. Are all these three Indians ? According to my information, this is inaccurate.

The Honourable Sir Nripendra Sircar : Is it that the figure is not three or that they are not Indians or that they are semi-Indians ?

Mr. N. M. Joshi : If I know the names of these people, I shall certainly be able to judge whether they are Indians or not.

The Honourable Sir Nripendra Sircar : The names sound Indians, one is Dalal, another is Kaul and a third is Ghosh.

Pandit Lakshmi Kanta Maitra : May I know what is the amount of reduction, if any, in the contribution of India towards the League for the separation of Burma ?

The Honourable Sir Nripendra Sircar : I answered that in reply to part (a) I said it was 10 lakhs, 4 thousand.

Pandit Lakshmi Kanta Maitra : What is the amount of reduction ?

The Honourable Sir Nripendra Sircar : Originally it was about 15 lakhs and now it is 10 lakhs, 4 thousand. The difference is the amount of reduction.

Pandit Lakshmi Kanta Maitra : Since when was this reduction given effect to ?

The Honourable Sir Nripendra Sircar : The reduction has been given effect to substantially this year. There was a very small reduction—I need not go into details—in the intervening years, but for all practical purposes, we may take it that the substantial reduction which has taken place has been given effect to from this year.

Pandit Lakshmi Kanta Maitra : Is it not a fact that this reduction was given effect to on the suggestion from the Indian substitute delegate and before that substitute delegate went to the League of Nations, the Government of India never placed this matter before the League of Nations ?

The Honourable Sir Nripendra Sircar : That is altogether incorrect from beginning to end.

NEW STIPULATIONS FOR INCORPORATION IN THE INSTRUMENT OF ACCESSION.

211. ***Mr. S. Satyamurti :** Will the Honourable the Leader of the House be pleased to state :

- (a) whether it is a fact that the Chamber of Princes has put up four new stipulations for incorporation in the Instrument of Accession as under :
 - (i) the Federation shall not have the right to introduce or enforce conscription or any other form of compulsory service in States ;
 - (ii) the present position as regards the taking of census in States shall be maintained and the administration relating to it shall be carried out by the States as heretofore ;
 - (iii) States may, if they so desire, provide that no railway be constructed within their territory except with their consent ;
 - (iv) the fiscal and judicial rights of States should not be adversely affected ;

The Honourable Sir Nripendra Sircar : I think I have answered that question. If my Honourable friend wants names or descriptions I am not prepared to disclose them, or to give any particulars.

Mr. M. A. Jinnah : I do not want names, but who is the authority ?

The Honourable Sir Nripendra Sircar : I can describe them by the generic name of Government officials and others, if any, who are carrying on the negotiations, but I am afraid I cannot disclose the names : either of the States or of British representatives.

Mr. S. Satyamurti : May I know if, as at present advised, Government have any intention of consulting this House before they come to a final decision on these negotiations ?

The Honourable Sir Nripendra Sircar : There is no present intention, and about the future intention I cannot say now.

Mr. M. Asaf Ali : With reference to (b), will the Government of India consult at least the Provincial Governments before coming to any definite decision about these negotiations ?

The Honourable Sir Nripendra Sircar : If my Honourable friend wants to know whether we have consulted the Provincial Governments, I am afraid I am not going to answer that question. As to whether it will be done in future, I can make no statement. (Laughter.)

Mr. M. Ananthasayanam Ayyangar : As the provinces are now autonomous bodies, is it not necessary that as units of the Federation they should be consulted in all matters before final decisions are arrived at ?

The Honourable Sir Nripendra Sircar : It is a question of opinion, and as a platitude it seems to me to be harmless.

PROPOSAL TO ARRANGE CORONATION IN DELHI AND VISIT OF HIS MAJESTY THE KING.

212. ***Mr. S. Satyamurti :** Will the Honourable the Leader of the House be pleased to state :

- (a) whether it is proposed to arrange for any Coronation in Delhi or in any other place in India during this year ;
- (b) if so, whether His Majesty the King is visiting this country ; and
- (c) whether, before the Government of India agree to any such arrangements, they will consult public opinion on this matter ?

Mr. R. F. Mudie : (a), (b) and (c). No decision has yet been reached. This is a matter which depends entirely upon His Majesty's pleasure.

Mr. S. Satyamurti : May I know whether the Government of India have had any correspondence or letters on this matter, either from His Majesty's Government or from any other source ?

Mr. R. F. Mudie : I can give no other information, Sir, except to refer my Honourable friend to the communiqué issued on the 8th February last.

Mr. S. Satyamurti : What is the answer to clause (c) ?

Mr. R. F. Mudie : That is a matter which depends entirely on His Majesty's pleasure.

Mr. S. Satyamurti : Do the Government of India come into it at all ? Have they simply to carry out orders, or are their opinions invited ?

Mr. R. F. Mudie : I have no further information to give.

MR. MUDIE'S REPORT ON THE BENGAL NAGPUR RAILWAY STRIKE.

213. ***Mr. S. Satyamurti :** Will the Honourable Member for Railways be pleased to state :

- (a) whether the Government of India have considered Mr. Mudie's report on the Bengal Nagpur Railway strike ;
- (b) whether they have arrived at any conclusions ; if so, what they are ; and
- (c) whether they will consult the leaders of Railway labour, before they finally make up their minds, and if not, why not ?

The Honourable Sir Saiyid Sultan Ahmad : (a) Yes.

(b) Government agree generally with the conclusions come to by Mr. Mudie.

(c) Does not arise.

Mr. S. Satyamurti : With regard to the recognition of the Bengal Nagpur Railway Union, do Government propose to take steps about the grant of recognition to this Union ?

The Honourable Sir Saiyid Sultan Ahmad : There is a short notice question by Mr. Joshi on this subject and I will then reply to this question.

Mr. Mohan Lal Saksena : Is it a fact that the representatives of the Union had to withdraw from the inquiry committee ?

The Honourable Sir Saiyid Sultan Ahmad : Not had to, but they did withdraw.

Mr. Mohan Lal Saksena : Is it not a fact that it was because of the difference regarding the interpretation of the scope of the inquiry ?

The Honourable Sir Saiyid Sultan Ahmad : My Honourable friend may ask those who withdrew from the inquiry.

Mr. Mohan Lal Saksena : May I know what appears from the report itself ?

The Honourable Sir Saiyid Sultan Ahmad : The withdrawal was thoroughly unjustifiable, in my opinion.

Mr. Mohan Lal Saksena : May I know if there was any difference regarding the interpretation of the scope of the inquiry between the representatives of the Union and Mr. Mudie ?

The Honourable Sir Saiyid Sultan Ahmad : There was no question of any justifiable difference of opinion.

Prof. N. G. Ranga : Were the Government of India consulted before the terms of reference were interpreted by Mr. Mudie ?

The Honourable Sir Saiyid Sultan Ahmad : The terms of reference speak for themselves.

Mr. Mohan Lal Saksena : Is it not a fact that the Committee was appointed at the instance of Mr. Giri, the President of the Bengal Nagpur Railway Union ?

The Honourable Sir Saiyid Sultan Ahmad : Not at the instance of Mr. Giri but by the Government of India.

Mr. Mohan Lal Saksena : At his request ?

(No reply was given.)

Sardar Sant Singh : Is it a fact that whenever Mr. Mudie is chairman of an inquiry committee, people withdraw from that inquiry committee ?

(No reply.)

RESERVATION OF COASTAL TRADE FOR INDIAN SHIPS.

214. ***Mr. S. Satyamurti :** Will the Honourable the Commerce Member be pleased to state :

- (a) the latest position with regard to competition between Japanese and Indian shipping in the coastal trade ;
- (b) whether any arrangement has been arrived at by which the coastal trade may be reserved for Indian shipping ;
- (c) whether there is any legal difficulty on account of an Act promulgated during the time of the East India Company in 1850, entitled " Non-British ships to participate in the coastal trade " ;
- (d) whether there is any proposal to amend or repeal this Act ; and
- (e) whether steps are proposed to be taken to see that the coastal trade is reserved for Indian ships ?

The Honourable Sir Saiyid Sultan Ahmad : (a) As far as Government are aware, there is at present no competition by Japanese ships in the Indian coastal trade.

(b) No.

(c) Does not arise.

(d) The matter is under consideration.

(e) No.

Mr. S. Satyamurti : With reference to clause (c), may I know whether Government have ascertained legal opinion and are satisfied that there is no legal difficulty on account of the Act, with regard to our making such arrangements as will commend themselves to us for reserving Indian shipping for our coastal trade ?

The Honourable Sir Saiyid Sultan Ahmad : The question has got the name of the Act as " Non-British ships to participate in the coastal trade ". The name of the Act, however, is " An Act for freedom of the coasting trade of India ".

Mr. S. Satyamurti : Will my Honourable friend make that correction, and give me an answer to the question as to whether on account of the Act which my Honourable friend just names there is any legal difficulty with regard to reserving Indian coastal shipping to Indian ships ?

The Honourable Sir Saiyid Sultan Ahmad : We feel that there is a certain amount of difficulty.

Mr. S. Satyamurti : What is the answer then to clause (d) ?

The Honourable Sir Saiyid Sultan Ahmad : The matter is under consideration.

Mr. S. Satyamurti : When do Government hope to be in a position to introduce suitable legislation ?

The Honourable Sir Saiyid Sultan Ahmad : It will take a little time. We are awaiting some instructions from the Secretary of State to whom we have referred the matter.

Mr. S. Satyamurti : Are Government free to introduce legislation, or are they bound to get the previous consent of the Secretary of State with regard to legislation ?

The Honourable Sir Saiyid Sultan Ahmad : I cannot answer off-hand as to whether ordinarily that should be so or not. But the present position is that there is an Act, which has been in existence since 1850, and we are considering whether it should be repealed and how it should be repealed.

Mr. S. Satyamurti : With reference to clause (e), may I know the reasons why Government do not propose to take any steps to see that coastal trade is reserved to Indian ships ?

The Honourable Sir Saiyid Sultan Ahmad : If by " Indian ships " my Honourable friend means Indian and British both, I agree.....

Mr. S. Satyamurti : My Honourable friend knows too well what I mean. I am talking of *bonâ fide*, genuine, natural-born Indians.

The Honourable Sir Saiyid Sultan Ahmad : My answer was that steps are not proposed to be taken at present.

Mr. S. Satyamurti : May I know why ?

The Honourable Sir Saiyid Sultan Ahmad : If my Honourable friend will put down a question, I will be able to answer.

Mr. S. Satyamurti : Does my Honourable friend know that the agreement to which Sir Joseph Bhore was a party has not yielded the results which even he expected, and Indian shipping interests are very strongly agitating, and rightly so, for a larger share of Indian coastal trade ?

The Honourable Sir Saiyid Sultan Ahmad : I do not know about that ; the answer is, no.

Mr. S. Satyamurti : Have Government not received a representation from Indian shipping interests, with regard to a larger share of the coastal trade being reserved to Indian ships ?

The Honourable Sir Saiyid Sultan Ahmad : I am not aware.

Pandit Lakshmi Kanta Maitra : May I know if Government have come to a decision with regard to the control of the traffic of coastal shipping ?

The Honourable Sir Saiyid Sultan Ahmad : No, Sir.

Mr. M. Ananthasayanam Ayyangar : Is it a fact, Sir, that when the Indo-Japanese Trade Agreement was going on, the Government of India asked the Japanese Government not to allow their ships to ply on the coast of India so that the coastal traffic may be reserved for Indian ships only ?

The Honourable Sir Saiyid Sultan Ahmad : I am not aware of it.

Mr. S. Satyamurti : May I know, Sir, if in these Indo-British trade negotiations any attempt is being made to reserve a portion of the over-seas trade to Indian shipping ?

The Honourable Sir Saiyid Sultan Ahmad : I cannot answer that.

CONSULTATION OF ALL-INDIA ORGANISATIONS ON BILLS CIRCULATED TO ELICIT PUBLIC OPINION.

215. ***Mr. N. M. Joshi :** Will the Leader of the House be pleased to state whether in circulating Bills to elicit public opinion the various All-India organisations of the public are consulted directly by the Government of India ? If not, what is the arrangement for consulting them ?

The Honourable Sir Nripendra Sircar : I have answered fully the question which was put by Mr. Sri Prakasa, but I will answer it again.

The Honourable Member is referred to the answer I gave to parts (a) and (b) of the starred question No. 6, by Mr. Sri Prakasa on the 23rd August, 1937. With the exception of the European Association and the Domiciled European Association, no other organisation is consulted direct on Bills circulated for opinion. Any organisation or institution desiring to submit its opinion is required to address the Provincial Government in whose jurisdiction the headquarters of its central body is situated.

Mr. N. M. Joshi : With reference to the answer which the Honourable Member has just given, may I know which province is to be consulted by All-India Organisations whose scope of work is spread over all the provinces ?

The Honourable Sir Nripendra Sircar : I said that any organisation or institution desiring to submit its opinion is required to address the Provincial Government in whose jurisdiction the headquarters of its central body is situated.

Mr. N. M. Joshi : May I ask whether the Government of India will recognise these All-India Organisations as they have done the European Association and the Domiciled European Association if they send applications to the Government of India directly ?

The Honourable Sir Nripendra Sircar : I made a long statement on the 23rd instant. May I read that over again ?

Mr. N. M. Joshi : I want a reply to my question, Sir ?

The Honourable Sir Nripendra Sircar : That has been replied to at great length, and I will repeat it again if necessary.

Some Honourable Members : No, no.

Sardar Sant Singh : May I know, Sir, whether it is a fact that my Bill which led to the amendment of the Criminal Procedure Code was not circulated to the Punjab Government and to the persons concerned, and if any steps have been taken on that ?

The Honourable Sir Nripendra Sircar : I want notice.

Mr. Sri Prakasa : May I know, Sir, through whom did the All-India "Indian Insurance Legislation Committee" which is now camping in the Cecil Hotel send their representations to the Government of India ? Did they not send their representations direct ?

The Honourable Sir Nripendra Sircar : No, they took the precaution of sending their representations six times over.

LEAVE RULES APPLICABLE TO CERTAIN OFFICERS OF THE SOUTH INDIAN RAILWAY OF ASIATIC DOMICILE.

216. ***Mr. N. M. Joshi :** (a) Will the Honourable the Railway Member please state whether it is a fact that certain officers of the South Indian Railway of Asiatic domicile, recruited between 1923 and 1931, have made representations to the Visiting Director of that Railway in regard to the leave rules applicable to them and that the Visiting Director has refused to consider their request favourably ?

(b) Is it a fact that the contract in the agreement entered into by these officers contained a clause that they would be subjected to such leave rules and grading of pay as could be adopted thereafter for officers of Asiatic domicile ?

(c) Is it a fact that the South Indian Railway on representations made successively decided that the condition as regards pay was inoperative ?

(d) Is it a fact that as regards the leave rules, the South Indian Railway holds that the condition will be enforced ?

(e) Is it a fact that officers recruited in England between 1923 and 1931 were not required to sign their contract in the same way as officers of Indian domicile were asked to do ?

(f) Are the Government of India prepared to ascertain the grounds on which this racial discrimination is sought to be enforced and address the South Indian Railway, drawing their attention to the injustice done to the Indian officers recruited between the years 1923 and 1931 ?

The Honourable Sir Saiyid Sultan Ahmad : (a) to (f). Government have no information. These are matters of detailed administration for the Agent, South Indian Railway, which is a Company-managed Railway, and Government are unable to interfere. I am, however, sending a copy of the question to the Agent, South Indian Railway, for information.

Mr. Lalchand Navalrai : May I know when these questions are sent out to the Agents, does the Honourable Member get any information ?

The Honourable Sir Saiyid Sultan Ahmad : Yes.

INCIVILITY SHOWN BY RAILWAY SUBORDINATES TO THE TRAVELLING PUBLIC.

217. *Mr. Lalchand Navalrai : (a) Is the Honourable Member for Commerce and Railways aware of the opinion recorded by the Indian Railway Enquiry Committee of 1937 in their Report with regard to the incivility shown by the railway subordinates to the railway travelling public ?

(b) Has the Honourable Member's attention been drawn to the remarks at page 62 of the Report where they said that it is nevertheless evident that there are many cases where good relations are not established by some of the subordinates with the local public and where the holders of such positions misuse them in order to assert their importance at the expense of the lower class travellers ?

(c) Has the attention of the Honourable Member also been drawn to the recommendation of the Committee that a concerted effort should be made without delay to put an end to this state of affairs ?

(d) Will the Honourable Member be pleased to state what detailed action Government have taken or propose to take in this matter ?

The Honourable Sir Saiyid Sultan Ahmad : (a), (b) and (c). Yes.

(d) The matter received considerable attention prior to the receipt of the Indian Railway Enquiry Committee report and among the measures taken by different Railways were the following :

- (i) Appeals to all members of the staff through the medium of working time-tables, circulars and posters, etc. These are constantly being renewed so that the matter is at all times being impressed on the minds of the staff.
- (ii) Complaint books kept at stations and notices exhibited at stations drawing the attention of the public to these books in which they are invited to record complaints or cases of incivility.
- (iii) Meetings between officers and the staff at which the necessity for courtesy is stressed.
- (iv) Inspecting officials stress the necessity for courtesy in their daily dealings with the staff.
- (v) Notices at stations inviting the public to report cases of incivility and prompt action on receipt of complaints with serious disciplinary action against the staff when the case is proved.

The question of the further action to be taken in the light of the Indian Railway Enquiry Committee's report is under consideration at present.

Mr. Lalchand Navalrai : May I know if these instructions were given prior to the receipt of this Report, and if the Honourable Member has made inquiries whether the staff has improved in their behaviour, are they more civil now ?

The Honourable Sir Saiyid Sultan Ahmad : I hope they are.

Pandit Lakshmi Kanta Maitra : May I know if the Honourable Member has satisfied himself that these instructions have actually been given effect to at the stations ?

The Honourable Sir Saiyid Sultan Ahmad : I have not made any personal inquiries in this matter, because I was not asked to, but if the Honourable Member would like to me to do it, I shall do so.

Prof. N. G. Ranga : In view of the fact that the M. and S. M. and the S. I. Railways have not taken any steps in regard to this matter, will the Honourable Member consider the desirability of sending down to them these questions and answers ?

The Honourable Sir Saiyid Sultan Ahmad : Certainly.

Mr. Mohan Lal Saksena : When did they give instructions to the railway authorities in regard to this, before the receipt of this Report or after that ?

The Honourable Sir Saiyid Sultan Ahmad : Before.

Mr. Mohan Lal Saksena : Then how is it that the Committee has again stressed the necessity of impressing on the Railway servants to be more civil in spite of the action already taken by the Railway Department ?

The Honourable Sir Saiyid Sultan Ahmad : Every enquiry committee must stress this point.

Pandit Nilakantha Das : Has any disciplinary action been taken against anybody for incivility during the last two years ?

The Honourable Sir Saiyid Sultan Ahmad : I do not know.

RECRUITMENT OF AN ELECTRICAL ENGINEER ON THE MADRAS AND SOUTHERN MAHRATTA RAILWAY.

218. *Mr. K. Santhanam : Will the Honourable Member for Commerce and Railways be pleased to state :

- (a) whether the Madras and Southern Mahratta Railway have advertised in the *Electrical Review* of London, dated 25th June, 1937, for a qualified Electrical Engineer ;
- (b) whether any similar advertisement was made in India ;
- (c) if the reply to part (b) be in the negative, why it was not so made ;
- (d) whether it is the intention of the Madras and Southern Mahratta Railway to recruit for this post only an European even if qualified Indians are available ;
- (e) if the reply to part (d) be in the affirmative, whether this is in conformity with the policy of the Railway Board ; and
- (f) whether this advertisement is one of the results of the Wedgwood Committee Report ?

The Honourable Sir Saiyid Sultan Ahmad : (a) to (d). Government have no information.

(e) and (f). Do not arise. I may, however, add that under the terms of contract, the Madras and Southern Mahratta Railway, like other Company-managed Railways, have full powers in regard to recruitment of staff, and Government are unable to interfere. The Madras and Southern Mahratta Railway have, however, agreed to recruit superior staff on the basis of 25 per cent. European and 75 per cent. Indian.

Mr. K. Santhanam : Have the Government called for information from the M. and S. M. Railway on this question ?

The Honourable Sir Saiyid Sultan Ahmad : I have already said that under the terms of the contract the Railway, like other Company-managed Railways, have full powers in regard to recruitment of staff, and we cannot interfere, but if only information is required, I will get the information.

Mr. K. Santhanam : Am I to understand then that this advertisement was sent only to recruit a European candidate to the total exclusion of Indians ?

(No reply.)

Mr. N. M. Joshi : May I know whether it is in accordance with the contract between the Government of India and the Company-managed Railways that the Company-managed Railways can spend any amount of money on their staff, and the Government of India cannot object to it ? Is that the agreement ?

The Honourable Sir Saiyid Sultan Ahmad : I did not say that at all. What I said was that they have got a rule under which they recruit superior staff on the basis of 25 per cent. European and 75 per cent. Indian. We cannot interfere in that.

Mr. Bhulabhai J. Desai : Am I to understand, Sir, that the Government of India have no influence whatever on the Company-managed Railways in matters of this kind ? They can't even advise them ?

The Honourable Sir Saiyid Sultan Ahmad : I am not in a position to say one way or the other. About advice, if it is necessary to give them advice, we can do that.

Mr. Bhulabhai J. Desai : Then will advice be tendered that as far as possible, in view of the sympathetic speech made by the Honourable Member, recruitment will be made from Indians in future ?

The Honourable Sir Saiyid Sultan Ahmad : A copy of my speech will no doubt be available to the authorities of the Railways concerned.

Mr. S. Satyamurti : May I know when this agreement was made, when it was agreed that they should recruit the superior staff only on the basis of 25 per cent. European ?

The Honourable Sir Saiyid Sultan Ahmad : I did not say that. I said that the M. and S. M. Railway, like other Company-managed Railways, have full powers in regard to recruitment of staff, and there is no question of an agreement at all. It was, however, pointed out to them that it is desirable that a larger number of Indians should be appointed, and they have agreed to appoint 75 per cent. Indians and 25 per cent. Europeans.

Mr. S. Satyamurti : When was this ?

The Honourable Sir Saiyid Sultan Ahmad : I can't give the date.

Mr. M. Ananthasayanam Ayyangar : May I know, Sir, so far as the appointment of Electrical Engineer is concerned, what is the present percentage ?

The Honourable Sir Saiyid Sultan Ahmad : I have no information. I would like to have notice of it.

Pandit Nilakantha Das : Will the Honourable Member kindly advise that as far as the Heads of the Engineering Department and other Departments are concerned Europeans will not be recruited if Indians are found ? 25 per cent. may be otherwise kept untouched. Will the Honourable Member advise ?

The Honourable Sir Saiyid Sultan Ahmad : I cannot, because I do not consider this advice necessary.

(b) WRITTEN ANSWERS.

BUILDING OF OVERBRIDGES ON RAILWAY LEVEL CROSSINGS.

219. **Mr. K. Santhanam :** Will the Honourable Member for Commerce and Railways please state :

- the number of railway level crossings in Municipal towns ;
- whose responsibility it is to build an overbridge over a level crossing, if necessary ;
- whether any record is being kept at these level crossings as to the duration of each day during which the road has to be closed ;
- whether Government are aware that at some level crossings in the town of Trichinopoly this amounts to many hours a day ;
- if Government or the South Indian Railway have received any complaints or representations from Trichinopoly regarding the inconvenience caused by these level crossings ;
- if Government have any programme of building over-bridges in the place of these level crossings in the big towns ; and
- if the answer to part (f) be in the negative, whether they propose to consider the desirability of framing such a programme in consultation, if necessary, with the Provincial Governments and Municipalities ?

The Honourable Sir Saiyid Sultan Ahmad : (a) Government have no information.

(b) I lay on the table a copy of the general principles laid down for the provision of road overbridges and underbridges in place of level crossings or otherwise.

(c) It is not the general practice to maintain such records but observations are made from time to time at busy crossings with the object of minimising delays to road traffic.

(d) Government have no information.

(e) Government have received no such complaints or representations and have no information as to their receipt by the South Indian Railway.

(f) and (g). The policy of Government is to leave to the discretion of Railway Administrations such matters as the provision of overbridges where circumstances justify them. The matter is, therefore, one which can most suitably be referred to the Agent of the Railway concerned, through the Local Advisory Committee.

Statement regarding Incidence of Cost of Road Overbridges and Underbridges.

Under Section II of the Indian Railways Act the provision of such level crossings, overbridges or underbridges as may be required to make good interruptions caused by the construction of a Railway to the use of lands through which the Railway is made is an obligation on the Railway Administration at the time of construction. These accommodation works are in effect prescribed by the Governor-General in Council when sanctioning a project, the requirements of the road authorities being presumed to have been given full consideration before the project is sanctioned. This exemption from liability of the road authority to contribute to the cost of such accommodation works extends for a period of 10 years from the date on which the railway is opened for public traffic. The following principles apply to the construction of overbridges or underbridges which may be required after the expiration of the above statutory period of 10 years.

2. In the case of a bridge, the construction of which is necessitated entirely by railway requirements, the whole cost of the work will be borne by the Railway. Similarly, in a case where the necessity for a bridge arises entirely through the growth of road traffic or other requirements of a road authority that authority will be required to accept liability for the whole cost of the work. Provided that in either case any extra cost due to additional width or length or other facilities required on account of probable future developments will be borne by railway or road authority requiring such facilities.

3. Where it has been established that an overbridge or underbridge must be provided in place of a level crossing by reason of the growth of both railway and road traffic the cost should be allocated as follows :

- (i) The Railway to bear the cost of the bridge structure (excluding the approaches).
- (ii) The road authority to bear the cost of the approaches as well as all land required for the approaches outside railway limits.
- (iii) The cost of diversion of all sewers, cables, gas and water mains within railway limits will be borne by the railway, and outside railway limits by the road authority.

4. When an existing bridge requires to be extended or widened or rebuilt on a new site, the cost should be allocated as follows :

- (i) If the extension or relocation is required by the Railway, the Railway will bear the cost, but the extra cost due to any increased width of roadway or additional approaches required by the road authority will be borne by the road authority.
- (ii) If the widening or relocation is required by the road authority, such authority will bear the cost, but the extra cost due to any extension for additional tracks or other purposes of the Railway will be borne by the Railway.

5. The Railway Administration will undertake, in consultation with the road authority, all work in connection with the preparation of the necessary plans and estimates, and will carry out all the work, when the estimate is sanctioned by the competent authority.

6. In every case where the road authority has to bear the whole or a portion of the cost of the work, the road authority should be required before the commencement

of the work to deposit with the Railway Administration, the whole or the portion of the cost of the work, as the case may be, and also to agree to take over the maintenance and lighting of the roadway of the bridge and its approaches after its opening to public traffic. This requirement may, however, be relaxed when the payments to the railway are to be made by a Government Department and expenditure as incurred can be regularly adjusted through the Exchange Accounts.

7. After the work is completed, the roadway, including the portion on the bridge itself and also the earth approach banks, if outside railway limits, will be handed over to the road authority. The Railway will maintain at its own expense the bridge structure generally (excluding the roadway) and will consult the road authority before undertaking any repairs affecting the roadway. Similarly, the road authority will be required to consult the Railway Administration before undertaking extensive repairs or taking any action likely to affect the ordinary leading of the bridge structure.

IMPORT OF RAW CASHEW NUTS AND EXPORT OF CASHEW KERNELS.

220. ***Mr. K. Santhanam** : Will the Honourable Member for Commerce and Railways please state :

- (a) if Government have come to a decision regarding the imposition of a duty on the import of raw cashew kernels from Africa ;
- (b) if the United States of America has decided to impose any duty on the imports of cashew nuts from India, and if so, what is the rate of such duty ; and
- (c) the figures of imports of raw cashew nuts into India and export of kernels from India for the months of April, May and June of 1936 and 1937 ?

The Honourable Sir Saiyid Sultan Ahmad : (a) No, Sir. The matter is still under consideration. The Central Government are awaiting the results of a special enquiry recently held by the Government of Madras into the present position of the industry.

(b) Cashew nuts are subject to a duty of two cents, per lb. in the United States of America. The Central Government received information of the introduction in the United States of America Senate some months back of a private Bill seeking to raise this duty, but as far as they know at present the Bill has not yet progressed far.

(c) I lay on the table a statement giving the information for the months of April, May, and June, 1937. Information for the corresponding months of the previous year is being called for and, if available, it will be laid on the table of the House.

Statement.

	Imports of Raw Cashew Nuts into India.		Exports of Cashew Nut Kernels from India.	
	Quantity in Tons.	Value in Rupees.	Quantity in Tons.	Value in Rupees.
April 1937	3,503	4,65,620	174	1,85,166
May 1937	2,138	2,76,732	1,010	10,43,576
June 1937	4,504	6,05,894	950	9,73,222

NEW PASS RULES FOR RAILWAY EMPLOYEES.

221. ***Mr. Mohan Lal Saksena** : (a) Will the Honourable Member for Commerce and Railways state what action has been taken by the

Railway Board on memorials of the railway employees regarding the withdrawal of new pass rules ?

(b) Will the Honourable Member state what economy, if any, is likely to be affected by the promulgation of the new rules ?

(c) Is it not a fact that the railway employees all over have been agitating against the new pass rules ?

(d) Were the Agents of the various State Railways consulted before the enforcement of the new rules ? If so, will Government state their views ?

(e) Have they been asked to report on the effect of the new pass rules on their respective railways, and what are their opinions now ?

(f) Are Government prepared to cancel the new pass rules forthwith ?

The Honourable Sir Saiyid Sultan Ahmad : (a) The memorials are under consideration.

(b) The Honourable Member is referred to the reply to part (a) of his question No. 475, given in the House on the 3rd March, 1937.

(c) A number of memorials have been received protesting against the new pass rules.

(d) The Agents of State Railways were consulted before enforcement of the new rules, I regret that I am not prepared to disclose the views which were expressed as Government do not consider it desirable to give publicity to views expressed by individual officers on measures adopted by Government.

(e) and (f). No.

GRANT OF HOUSE RENT ALLOWANCE TO THE FITTER *Khalasis* OF THE EASTERN BENGAL RAILWAY AT CHITPORE.

222. ***Mr. Mohan Lal Saksena :** (a) Will the Honourable Member for Commerce and Railways state whether in March last the fitter *khalasis* of the Eastern Bengal Railway, Chitpore, had submitted to the Railway Board any petition for the grant of free quarters ? If so, what action has been taken thereon ?

(b) Is it a fact that for a long time they were given a house allowance at Rs. 7-8-0 per mensem ?

(c) Is it also a fact that fitter *khalasis* of Sealdah Shed are still paid house allowance ? If so, are Government prepared to consider the feasibility of granting house allowance to the Chitpore fitters as well until they are provided with suitable lodgings ?

The Honourable Sir Saiyid Sultan Ahmad : (a) No.

(b) and (c). I am collecting information and will lay on the table of the House in due course.

RAILWAY ACCIDENT AT BIHTA ON THE EAST INDIAN RAILWAY.

223. ***Mr. Mohan Lal Saksena :** (a) Will the Honourable Member for Commerce and Railways make a statement regarding Bihta Railway disaster giving full details of loss of life and property as well as a list of injured persons with nature of their injuries ?

(b) What steps were taken for the relief of the sufferers, particularly of the relations and dependents of those who have died ?

(c) Was any departmental enquiry instituted to enquire into the causes of the disaster, and what were its findings ?

(d) Is it a fact that the disaster was principally due to the bad track ? If so, when was the line inspected last and why were not the defects detected earlier ?

(e) Did the driver of No. 6 Down Mail, which passed before the Punjab Express notice any defects and did he make any report ?

(f) Is it a fact that there was an accident near about this very spot some time before ? If so, when and was any enquiry instituted on that occasion ? If so, with what results ?

(g) Is the Honourable Member prepared to consider the feasibility of appointing a non-official Enquiry Committee to enquire into the causes of the aforesaid disaster ?

(h) Is it a fact that the number of the keymen and Engineering gangmen was reduced to half working on this section last year ? If so, is the negligence due to the shortness of hands on the line ?

The Honourable Sir Saiyid Sultan Ahmad : (a) The accident occurred at about 3.55 hours on 17th July, 1937, to No. 18, Punjab Express at mile 355 near Bihta station on the East Indian Railway. The engine and several coaches left the track and in all, 105 passengers were killed or subsequently died of their injuries ; also 106 other passengers were injured, of whom 20 are still in Hospital, the remainder having been discharged. The names of the injured and the nature of the injuries are not available with Government.

(b) Prompt medical aid was given to the injured and free treatment in Hospital. So far, no other relief has been given to the sufferers or to the relations and dependents of those who died.

(c), (d) and (g). An enquiry was held by the Senior Government Inspector of Railways and this with the report of the Agent, East Indian Railway, are under the consideration of Government. The necessity or otherwise of a further enquiry will be decided after Government have come to a conclusion on the enquiry already held.

(e) The driver of No. 6 Down Mail which passed over the site of the accident approximately seven hours previously reported on arrival at Dinapore having heard a noise and felt oscillation attributable either to the engine or to the track between Kiolwar and Bihta, i.e., between the two stations where the accident occurred.

(f) There was an accident on 25th January, 1932, at a point some 4½ miles from the site of the present accident. On that occasion, the engine, tender and eight bogie carriages were derailed. The driver and firemen, as also two passengers, sustained injuries. This accident was the subject of a magisterial enquiry held by the Sub-Divisional Officer, Dinapore, who found that it was due to deliberate train wrecking.

(h) Government have no information, but have no reason to attribute the accident to shortness of hands on the line or to negligence.

PARTICIPATION OF INDIAN TRADES AND INDUSTRIES IN THE PARIS EXHIBITION.

224. ***Mr. Mohan Lal Saksena** : (a) Will the Honourable Member for Commerce and Railways state if India is represented in the Paris Exhibition ? If so, what Indian industries are represented ?

(b) Did Government take any steps to persuade Indian trades and industries to participate in the Paris Exhibition ?

The Honourable Sir Saiyid Sultan Ahmad : (a) and (b). The Government have not participated officially in the International Exhibition now being held in Paris. They have, however, through the medium of the *Indian Trade Journal*, brought the main features of the Exhibition and the procedure for sending exhibits to the notice of Indian exhibitors desiring to participate in it. Government are not aware to what extent, if any, Indian industries are represented at the Exhibition.

NEGOTIATIONS FOR TRADE AGREEMENTS WITH GREAT BRITAIN AND OTHER COUNTRIES.

225. ***Mr. Mohan Lal Saksena** : (a) Will the Honourable Member for Commerce and Railways state when the Indo-British Trade Agreement talks are likely to conclude ?

(b) How long do Government propose to continue the Ottawa Pact against the wishes of the Legislative Assembly ?

(c) Did Government take any steps to negotiate trade agreements with other countries, as recommended by the Legislative Assembly Resolution ?

The Honourable Sir Saiyid Sultan Ahmad : (a) The Honourable Member is referred to the reply given by me to part (a) of Mr. Satyamurti's starred question No. 15 in this Session. It is not possible at this stage to say when the trade talks will be concluded.

(b) The Honourable Member is referred to the Press communiqué issued by the Commerce Department on the 19th October, 1936, copies of which are in the Library.

(c) The attention of the Honourable Member is invited to the replies given to Mr. Satyamurti's starred question No. 35 and its supplementaries on the 1st September, 1936.

REPRESENTATION REGARDING PROVISION OF FUNDS FOR THE DISPOSAL OF THE DEAD BODY OF PRINCESS CHANDRA DEVI.

226. ***Sardar Mangal Singh** : Will the Honourable the Leader of the House please state :

(a) whether Government have received any representation from the Princess Ashin Toiksu Hyat Baya Latt, the second daughter of the late King Thechan of Burma, regarding the provision of funds for the disposal of the dead body of Princess Chandra Devi ;

(b) whether it is a fact that the dead body of the Princess had been lying there for several months undisposed of and uncared for for want of funds ; and

(c) what reply Government have given to that representation ?

Mr. R. F. Mudie : (a) No.

(b) Statements have been seen in the press to this effect, but the matter being no longer the concern of the Governor General in Council no enquiries have been made.

(c) Does not arise.

MOLASSES TURNED OUT BY THE SUGAR INDUSTRY.

227. ***Mr. T. S. Avinashilingam Chettiar** : Will the Honourable Member for Commerce and Railways state :

(a) the amount of molasses that is being turned out by the sugar industry in India ;

(b) whether Government have been able to find out any new method of utilising it ; and

(c) whether any experiments have been made in the matter and with what effect ?

Mr. M. S. A. Hydari : (a) The output during 1936-37 is estimated at 546,000 tons.

(b) and (c). Research work with promising results is being carried out at the Imperial Institute of Sugar Technology, Cawnpore, on the utilisation of molasses for (i) manufacture of cattle feed, (ii) road making, (iii) preparation of acetic acid, and (iv) manure.

PRODUCTION AND CONSUMPTION OF SUGAR IN INDIA.

228. ***Mr. T. S. Avinashilingam Chettiar** : Will the Honourable Member for Commerce and Railways state :

(a) the probable consumption of sugar in this country ;

(b) the estimated production of sugar in this country ;

(c) whether in the near future the production of sugar will exceed the amount necessary for the consumption in this country ; and

(d) if so, whether Government are contemplating to find out any foreign market for sugar ?

Mr. M. S. A. Hydari : (a) I would invite the Honourable Member's attention to the reply given to Seth Govind Das and Dr. N. B. Khare's question No. 786 on the 30th March, 1937.

(b) The production of sugar in this country during 1936-37 is estimated at 1,204,800 tons.

(c) No definite statement can be made owing to insufficient data of the consumption of sugar in India.

(d) No.

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POSTPONED QUESTION AND ANSWER.

WRITTEN ANSWER.

ASKING OF QUESTIONS AND DISCUSSION ON MATTERS CONNECTED WITH THE PROVINCES IN THE INDIAN LEGISLATIVE ASSEMBLY.

Postponed
on the 23rd
August, 1937.] 22. *Mr. Badri Dutt Pande : (a) Will the Honourable the Leader of the House inform the Honourable Members of the Assembly of the limits within which the Honourable Members of this House can with the introduction of Provincial autonomy ask questions and discuss matters concerning the provinces.

(b) As the ultimate responsibility for peace, tranquillity and prosperity of the provinces, rests with the Central Government, how far will it be within the realm of this House to seek information on facts of public importance and on serious events that happen in the provinces ?

(c) If a Governor abuses his special powers or the Ministers mismanage the affairs of the provinces or military is called out to quell affairs will it be within the competence of this House to put in questions and move resolutions and adjournment motions and will they be admitted in this House ?

The Honourable Sir Nripendra Sircar : (a) The general position is that where the executive and legislative authority are vested under the Act in the provinces, it would not be appropriate for the Central Legislature to discuss those matters. There are likely, however, to be matters in which the Central Legislature may be properly interested [e.g., a direction under sub-sections (1) and (2) of section 126 of the Act] and thus the prevention of any encroachment on the provincial sphere may well be left to be regulated by the power vested in the Honourable the President under rule 7 of the Indian Legislative Rules in regard to questions and, in the Governor General, under rule 22 in regard to resolutions.

(b) and (c). The Honourable Member no doubt has in mind the exercise of the control of the Governor General over Governors under sections 54 (1) and 126 (5). Proviso (ii) (c) to sub-rule (1) of Rule 8 of the Indian Legislative Rules requires the prior consent of the Governor General to a question relating to "any action taken in his discretion in relation to the affairs of a Province" and it will accordingly be for the Governor General to decide whether or not any reply should be given on the particular matter.

UNSTARRED QUESTIONS AND ANSWERS.

FASTEST TRAIN ON THE INDIAN RAILWAYS.

36. Mr. Badri Dutt Pande : Will the Honourable Member for Commerce and Railways state :

- (a) which is the fastest train among the Indian railways ; and
- (b) what the maximum speed per hour attained so far is ?

(862)

UNSTARRED QUESTIONS AND ANSWERS.

863

The Honourable Sir Saiyid Sultan Ahmad : (a) and (b). Probably the fastest train in India is the weekly Deccan Queen running between Bombay and Poona which attains an average speed of 43.2 miles per hour for the run of 119 miles, including the ascent or descent of a steep ghat. *

Other noteworthy daily performances are as follows :

No. 1 Up Mail between Howrah and Delhi covering 902 miles at an average speed of 39 miles per hour.

No. 4 Down Mail from Chheoki to Howrah covering 500 miles at an average speed of 40 miles per hour.

No. 2 Down Mail from Delhi to Howrah covering 902 miles at an average speed of 38 miles per hour.

No. 3 Up Mail from Howrah to Chheoki covering 500 miles at an average speed of 39 miles per hour.

Nos. 7 and 8 Expresses between Howrah and Delhi cover the 902 miles at an average speed of 38.6 and 38.4 miles per hour, respectively.

The Frontier Mail between Bombay and Delhi covers the 861 miles at an average speed of 37.5 miles per hour and in the opposite direction at 36.6 miles per hour.

ELECTORAL ROLLS FOR THE ROHILKUND AND KUMAON DIVISIONS NON-MUHAMMADAN RURAL CONSTITUENCY.

37. Mr. Badri Dutt Pande : Will the Honourable the Law Member state whether there were Electoral Rolls for one district only in the office of the Returning Officer, Bareilly, for the Rohilkund and Kumaon Divisions Non-Muhammadan Rural Constituency, during the recent bye-election and whether the constituency is composed of nine districts ? If so, why ?

The Honourable Sir Nripendra Sircar : I have called for a report from the Returning Officer and will lay the required information on the table on receipt of his reply.

FARE CHARGED FROM BAREILLY TO KATHGODAM.

38. Mr. Badri Dutt Pande : Will the Honourable Member for Commerce and Railways state why eight annas more are charged from Bareilly to Kathgodam while the fare between Haldwani and Kathgodam is one anna and three pies only ? Will the Honourable Member explain this anomaly ?

The Honourable Sir Saiyid Sultan Ahmad : It is understood that the Honourable Member's question refers to the difference in third class fares between

(a) Bareilly and Kathgodam.

(b) Bareilly and Haldwani.

the fares being Re. 1-8-0 and Re. 1-1-3, respectively although the difference in mileage is only four miles.

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The fare between Bareilly and Kathgodam has been in force for many years and is based on the authorised maximum rate permissible for the section, but the fare between Bareilly and Haldwani is on a lower basis.

To reduce the Kathgodam fare to the same basis as the Haldwani fare would result in considerable loss of revenue. The matter, however, is within the competence of the Rohilkund and Kumaon Railway Administration and the Honourable Member's question and this reply will be sent to the Agent for his consideration.

ISSUE OF RAILWAY CONCESSION TICKETS FOR THE *Urs* AT AJMER.

39. **Mr. Abdul Qaiyum :** (a) Will the Honourable Member for Commerce and Railways please state whether it is a fact that a large number of residents of the North-West Frontier Province visit Ajmer during the *urs* celebrations every year ?

(b) Is it true that on similar occasions in other parts of India concession tickets are generally issued by the Railway authorities ?

(c) Has the benefit of concession tickets been extended to visitors to Ajmer during the *urs* ? If not, why has this concession been withheld from them ?

(d) Is it a fact that the next *urs* begins on the 7th September, 1937, and that an application signed by influential persons, including many Frontier Members of the Legislative Assembly, asking for concession tickets has been submitted to the Agent, North Western Railway ?

(e) Are Government prepared to introduce the system of concession tickets for Ajmer from now onward to begin 15 days before the *urs* and to hold good for 15 days after it and thus redress a genuine public grievance ?

The Honourable Sir Saiyid Sultan Ahmad : (a) Yes.

(b) Only when Railway Administrations consider that a reduction in fares will induce larger numbers of passengers to travel, resulting in an increase in their revenues.

(c) Yes, a concession was at one time given on the Bombay, Baroda and Central India Railway, but it was withdrawn, as the results showed that the concession was not commercially justified.

(d) Yes. The Agent, North Western Railway, to whom the application is said to have been submitted is competent to deal with the matter.

(e) This is a matter within the competence of the Railway Administrations, but Government understand that certain concession tickets are being issued this year both by the North Western Railway and Bombay, Baroda and Central India Railway, including return tickets at 1½ fares from certain stations on the North Western Railway *via* Delhi and from Delhi, Agra, Idgah and Cawnpore over the Bombay, Baroda and Central India Railway to Ajmer. Full details of the concession tickets being issued this year are being called for and will be laid on the table of the House, and a copy of the Honourable Member's question and this reply will be sent to the Agents concerned, for consideration as to the action to be taken in future years.

SHORT NOTICE QUESTIONS AND ANSWERS.

WITHDRAWAL OF THE RECOGNITIONS OF THE BENGAL NAGPUR RAILWAY LABOUR UNION.

Mr. N. M. Joshi : Will the Honourable Member for Commerce and Railways be pleased to state :

(a) whether it is a fact that the Agent of the Bengal Nagpur Railway has withdrawn the recognition of the Bengal Nagpur Railway Indian Labour Union ;

(b) whether the Government of India have considered the question of restoring the recognition to the Union ; and

(c) in the reply to part (b) be in the affirmative, what is their decision ?

The Honourable Sir Saiyid Sultan Ahmad : (a) Yes.

(b) and (c). Yes. But the Bengal Nagpur Railway being a Company-managed Railway, the recognition or non-recognition of a particular union is entirely within the discretion of that administration. The Government of India will, however, be quite prepared to use their good offices to bring about a reconciliation between the Bengal Nagpur Railway administration and the Bengal Nagpur Railway Labour Union, when they are satisfied that the constitution and the aims of the Union are such as to ensure that it is being run on healthy trade union principles ; but as I have already stated the final decision must rest with the Bengal Nagpur Railway administration.

Mr. N. M. Joshi : May I ask what the Union must do to give an assurance to the Government that the Union is running on healthy lines ?

The Honourable Sir Saiyid Sultan Ahmad : I should like to have the advice of Mr. Joshi on that point. (Laughter.)

Mr. T. S. Avinashilingam Chettiar : What is the opinion of the Government on this matter now, whether it is running on healthy lines or not ?

The Honourable Sir Saiyid Sultan Ahmad : No, it is not.

Mr. Mohan Lal Saksena : Is it a fact that the recognition was withdrawn within ten days of the settlement of the dispute, I mean the withdrawal of the strike ?

The Honourable Sir Saiyid Sultan Ahmad : The question has been fully dealt with in Mr. Mudie's Report, with which the Government of India are generally in agreement.

Seth Govind Das : The Honourable Member has just said that he would require the opinion of Mr. Joshi in this respect. If Mr. Joshi tells him that the Union is running on healthy lines, will the Honourable Member accept his advice ?

The Honourable Sir Saiyid Sultan Ahmad : I am sure he will not say so.

Mr. Mohan Lal Saksena : May I know when the Government of India intervened in the strike, whether they were satisfied that the Union was working on healthy lines ?

[31st Aug. 1937.]

The Honourable Sir Saiyid Sultan Ahmad : The Government of India did not intervene at all.

INDIAN LEGISLATIVE ASSEMBLY ELECTORAL ROLL FOR DELHI.

Mr. M. Asaf Ali : (a) Will the Honourable the Law Member be pleased to state whether the information contained in the press note, which relates to the preparation of the Legislative Assembly Electoral Roll for Delhi on the basis of the old qualifications, is correct ?

(b) If so, will the Honourable Member state when the next Legislative Assembly election may be expected ?

(c) Is it a fact that the next election for the Central Legislative Assembly will not be for the Federal Assembly ?

The Honourable Sir Nripendra Sircar : (a) I think there is a difference between the question as read out and that as sent to me. The Honourable Member read out, "Is it correct ?"; whereas the question as sent to me was, "Is it based on truth ?" I take it they mean the same thing ?

Mr. M. Asaf Ali : Yes. I hope they do.

The Honourable Sir Nripendra Sircar : (a) Sub-rule (4) of rule 9 of the Legislative Assembly Electoral Rules requires a fresh roll to be prepared on the expiration of the period of three years for which the previous roll continues in force. The period for which the previous roll for the Delhi constituency of the Assembly was in force expired on the 8th August and a fresh roll is being prepared in compliance with the requirement to which I have referred. In the nature of things the roll, being a roll for the existing Delhi constituency of the existing Assembly, is being prepared in accordance with the qualifications prescribed by the existing electoral rules.

(b) and (c). I am in no better position to answer these questions than the Honourable Member himself. I would observe, however, that as the fresh roll is being prepared in accordance with an automatic statutory requirement the fact that it is being prepared justifies no inference regarding the answer to either of these questions.

Mr. Mohan Lal Saksena : Am I to understand that similar electoral rolls for the Assembly are being prepared all over India, as required by the rule referred to by the Honourable Member ?

The Honourable Sir Nripendra Sircar : They are either being prepared or will be prepared,—I have not applied my mind to all the provinces, but they must be prepared.

Mr. M. Asaf Ali : If this is nothing else but the operation of an automatic rule, huge labour and a lot of expense are involved in it, and will it not be a sheer loss if finally the electoral roll which is likely to come into operation must be the electoral roll for the Federal Assembly ?

The Honourable Sir Nripendra Sircar : Apart from its being a hypothetical question, the automaton has left no option to us.

THE INSURANCE BILL.

Mr. President (The Honourable Sir Abdur Rahim) : The House will now resume consideration of the motion :

"That the Bill to consolidate and amend the law relating to the business of insurance, as reported by the Select Committee, be taken into consideration."

Dr. Ziauddin Ahmad (United Provinces Southern Divisions : Muhammadan Rural) : Some time ago, I said on the floor of the House on the authority of Prof. Gregory, that there was only one man who understood the conundrum of exchange, and that man was in a lunatic asylum. But I was given to understand by the Honourable the Leader of the House that there were seven experts on the insurance business, but those seven men are not, like the expert on exchange, within the four walls, but they are all out. I have also received a number of pamphlets, bound and unbound, pink coloured, yellow coloured, onion coloured, etc., and I may tell the House that I have read each and every one of them from A to Z. I do not mind getting these pamphlets but I should like to seek the protection of you, Sir, against solicitations and personal canvassing. Those are the two things that I cannot stand. The Select Committee has presented its Report and we are all thankful for the work which they have done. But if I am asked to express my candid opinion, I have no hesitation in saying that, from my point of view, the original Bill is far better than the Bill as it has emerged from the Select Committee. The original Bill was the Government Bill, the present one is the Bombay Bill. The Members of the Select Committee had so many interviews, so many social engagements that they had very little time for independent thinking. Let me say at the very outset the points and principles for which I stand. I want to safeguard the interests of the policyholders and the interests of the smaller companies, and, I hope, that all those persons who have really the good of the people at heart will support those two principles. On these principles, Sir, I propose to fight every inch of the ground during the second reading of the Bill. I first come to the definition of insurance. The Bill in its definition is really guilty of the fallacy of *petitio principii*. Sub-clause (2) of clause 2 says : "Insurance company means any insurer being a company, association or partnership"; the very words which they wanted to define are used in definition. Then, I consulted my famous compendium and this is the definition from that book :

"From the point of view of strict morality it is a form of gambling and in some cases no better than *satta* but the civilised world has excluded it from the gambling Act like the game of bridge in England or poker in America. It is a disease whose parasites, technically known as agents, working for the mother insect or queen parasite, technically known as the insurer, suck the life blood of the patient called the policyholder. For other details see the Insurance Act."

I am not going to bother you further, but before I come to the provisions of the Bill, I will tell you a story. In a particular place there were a number of bandits, call them robbers or thieves. They were very much accustomed to earn their living by dacoity and robbery. There came a monarch to govern the country. He was a very vigilant ruler and he stopped dacoities and robberies in his territory. Then the robbers came to their King and said : "We have been accustomed to earn our livelihood by forcibly snatching the properties of others.

[Dr. Ziauddin Ahmad.]

We are not accustomed to earn our bread either by work or by personal service. Now tell us what to do'. The king of the bandits thought over the matter and said: 'In these days robbery and dacoity are impossible. I suggest a method of earning a living. One of you should become a fakir or a *guru*. Shut yourself in a house in the jungle and it should have four doors. One should be the door for employment, the second for children, the third for curing disease and the fourth for winning a case or getting your object. Put one of the disciples at each door. Send your canvassers in the town. Supposing a man came for employment, you allow him to enter only by the employment gate. The Fakir should tell men, entering by employment gate, that he was not service securing agency. The person would subdue himself entirely and would think that he was really a great spiritual man who knows the past and the future. In this way the credulous population of the town would shower jewels and money upon the Fakir. Another way to become rich without hard labour and personal service is to get an office and have a telephone installed and good embossed papers, and become insurers. Have good men to canvass for you. Ask them to tell the people what will happen to them or their families if they die.' After giving this advice the king of the bandits went away to foreign countries and he returned after some years. When he came back he found the Fakir rolling in wealth. He was sitting on a carpet and was eating *pulao* in silver and gold plates. The Fakir thanked the king for his very good advice which had brought him so much money. The gold and silver plates were presented to the king. He then went to the insurer and he found that wealth was rolling on him. The insurer weighed the king in gold and presented it to him.

I now come to the Bill. There are two well-known principles about insurance. One is minimum interference and maximum publicity. This principle may have worked well in England where we have got an intelligent well informed public but in countries where people are not so intelligent as in Canada they have a second principle, i.e., Government control. But in India we are not even as intelligent as the people in Canada and, therefore, we want greater Government interference. I would even like to have a complete control of this particular business, and I entirely agree with my friend, Mr. George Joseph, when he said that this particular industry should be nationalised. I have got a quotation from Japan in which it is said that the policy of the Government is really to nationalise as much as possible the insurance industry. In support of this argument, I have got two arguments. One is that the income derived from insurance ought to be shared by the Provincial and the Central Governments. The Provincial Governments will have many commitments and this will be a new source of income for them. The second argument was outlined in details by a Professor of Economy in France, Monsieur Levoy Boileau. He advocated the nationalisation of the industry on entirely different grounds. He said that by inducing a large number of persons to invest their money and insure their lives they will naturally have greater interest in the Government of the day. They will never support the communist doctrine or any other movement intended to overthrow the Government. To stabilise the Government, we should induce a large number of persons to insure their

lives. This is a view point which is exceedingly important. I do not advocate State monopoly immediately but I would only like to emphasize today that the Post Office should extend their business of insurance. They should be permitted to insure the lives of not only Government servants but of all classes of the people. We may impose a maximum limit on the policy and it should be Rs. 10,000. The operation of the Savings Banks has not affected the banking operations in this country and this insurance if given to the Post Office will not seriously endanger the present insurance business and I think, therefore, that the first step towards nationalisation should be to permit the Post Offices to insure the lives of all individuals, whether they are Government servants or not, to the extent of Rs. 10,000.

Now, Sir, the next important point which I would like to emphasise is the question of the premium and here there is a very great fallacy which I hope my Honourable friend, Mr. Griffiths, will probably appreciate. Now, if you insure your life in a manner that the whole policy is paid at the age of 55, then there is nothing but simple mathematical calculation; but if you insure your life in a manner that it should be paid either at the age of 55 or on death whichever occurs first, then there is a question of uncertainty and a higher premium is demanded. Now, what is the value of this uncertainty? Here I find that a mistake is done by calculating the value of uncertainty and by demanding a higher premium, which is unjustified. The way in which it is calculated is this. Suppose there are 100 persons. Out of these, 25 persons live up to the age of 55 and 75 die before reaching that age. Therefore, the chances of living till the age of 55 is only one-fourth. This is perfectly correct. But the fallacy is this. These insurers do not insure every single individual. They have a very high and critical medical examination, as was pointed out by my friend, Dr. Dalal, and the insurers carry this medical examination so far that they are even prepared to pay contributions to medical colleges in order to train medical men who may be trained to carry on a higher medical test, to enable them to pick up those 25 out of 100 persons, who are likely to be alive at the age of 55. They select for insurance only those persons who, in their opinion, are likely to be alive and the chances of their success are much greater than what they would be had they taken them without medical examination. Therefore, we should adopt one of the two courses. Either they should take the figure of 100 out of those who are first medically examined and declared fit for insurance purposes. The chances of living in this case will be greater and the premium will work out at low figure. The second alternative is that they dispense with searching medical test. If they do not do this, then the amount of premium which they are now charging by ordinary calculations and after medical test is perfectly wrong. I challenge the method of the calculation of the insurers. They are charging their premium on account of this fact that they only chose those persons who are likely to be alive by a very strict medical examination. Either abolish the medical test and keep the premium or have the medical test and lower the premium. I hope that Insurance Superintendent will look into the matter.

Sir, I now come to the Managing Agents. There is some justification for the Managing Agents in the company administration because, after all, there is the question of industry. They have to provide money in bad

[Dr. Ziauddin Ahmad.]

years to keep the industry going. But I see no position for the Managing Agents either in banking business or in the insurance business and I am really surprised that they were allowed to go on for a period of three years and then extended by Select Committee to ten years. Therefore, the sooner we abolish the Managing Agency system from the insurance company, as we have done in the case of the banking operations, the better it is for us.

The next question that I would like to touch is the question of the directors. Here they have done something by including the representatives of the policyholders. But the figure one-fourth is not good enough. I was myself surprised when I looked into the figures that the contributions by the shareholders is very small compared with the contributions by the policyholders. I have got before me the figures. I will first take up the Andhra Pioneer Company. The paid-up capital of this company is only Rs. 40,823 and their annual income from the contributions is Rs. 3,46,868 and the total contribution by policyholders is Rs. 63,67,015. Take the case of the Asiatic Company. Their paid-up capital is Rs. 1,68,585, and their annual premium is Rs. 1,98,603 and the present capital is 39,17,155. Take the case of Nagpur Pioneer. Their paid-up capital is Rs. 68,220 and their regular yearly income from premiums is Rs. 1,24,921. The contribution by the policyholders is Rs. 22,29,024. Therefore, the contribution by the policyholders is much greater than the contribution by the shareholders. This being the case, why should we demand that the policyholders must be in the majority in the Board of Directors because they represent a larger interest than these shareholders do.

The next point that I would like to take up is that there should be some kind of check about the profits. Here also I lay very great stress that the profits of the company ought to be divided between the shareholders and the policyholders in proportion to their contributions. I have got the figures of the Oriental Company which is represented by my friend, Dr. Dalal, and I notice that, in the year 1927, they gave a dividend of as much as 130 per cent. Even in the year 1935-36 they gave a dividend of 62½ per cent. when the Bank will not give you more than two per cent. on fixed deposit. This is due to the fact that medical officers like Dr. Dalal have carefully selected only those persons who are likely to be alive even after the age of 55 and they have excluded all those persons who are likely to die earlier. 62½ is not the dividend on paid-up capital. The value of the shares has been increased by bonus and the dividend works up about 1,000 per cent. on paid-up capital.

The next point to which I would like to draw the attention of the House is the case when the policy is given up. If the policy is surrendered by any individual, then I think he ought to get something substantial for it. I took a policy some years ago in India and then I went to Cambridge. I found that as a student I could not keep the policy alive but I got nothing for all the premium that I paid to that company. We ought to provide for the payment of surrendered policies in this Bill and I will move an amendment as to what proportion of their contributions ought to be paid to the policyholders when they surrender their policies.

An Honourable Member : What was the name of that company ?

Dr. Ziauddin Ahmad : I do not remember the name of the company. I require notice of that question !

The next thing I would like to mention is that they ought to provide the maximum expenditure by law for each company. This is the thing which is being done and I think the right way of approaching the question is that we ought to provide the maximum limit. I have got the working ratio of most of these companies of the world and I will take up this question when my amendment comes before the House. I think a proportion of about 25 per cent. is really sufficient as the maximum working ratio but what I do emphasise is that this ratio ought to be fixed by statutes.

The next thing I would like to mention is about the agents. I think here the Select Committee has got the wrong end of the stick. I think the original Bill was much better. You ought to provide the maximum allowance to the agents and I think 40 per cent. which they provided in the original Bill was quite sufficient. Instead of providing a maximum for these agents, in this Bill they have gone the other way round, that if any one gives the rebate he should be punished. If any one did receive the rebate, he should be punished. Why should I be punished if I get a rebate ?

Mr. S. Satyamurti (Madras City : Non-Muhammadan Urban) : Why should you not be punished ?

Dr. Ziauddin Ahmad : Supposing I get a profit of 20 per cent. in any particular premium. I can surrender a portion of my profit to any one including policyholder. If the agent gives a portion of his own profit to a particular individual, why should he be punished for it. The company does not lose. The money comes only from the pockets of the agent. My opinion is that the Select Committee has done immense wrong to the country by providing this particular form of punishment. A very salutary provision would have been to fix the maximum allowance for the agents and leave it to the agents to spend his allowance in any way he likes. That is really the right course to take, and not to make it a punishable offence. If I get any allowance, I should have the liberty to give a portion of it to anybody I like. I have got absolute freedom for the expenditure of the money which I have earned. Nobody has any right to interfere in the matter. Therefore, the provision made in the Bill is wrong.

Coming to foreign companies, there is one point which I should like to be safeguarded. I speak from my own experience. I deposited some money in a bank in Germany. I am getting interest all right regularly, but I cannot get back the original amount deposited. When I wrote to them, they say, 'you must come personally to Germany and spend the money here and that too not more than 200 marks per month. You cannot withdraw the entire money'. This is the difficulty in which I am placed. My money is all right safe in the bank, but I can make no use of it. I submit that depositors, like myself, should be safeguarded against a company which is neither Indian nor British. Indians should be safeguarded against companies of the country who can make their own laws prohibiting the transfer of money from their country to any other country. We ought to insist that they should keep sufficient amount in India so that we may not be at the mercy of the laws of those countries.

The Honourable Sir Nripendra Sircar (Law Member) : There is provision for keeping 100 per cent. You can increase it to 200 per cent. if you like.

Dr. Ziauddin Ahmad : Is it 100 per cent. of their full liabilities of the policy? But they go on increasing year after year.

The Honourable Sir Nripendra Sircar : We have provided for all that.

Dr. Ziauddin Ahmad : I am glad this thing has been provided for. If they keep the entire amount of the face value of the policy in India then we will be independent of their laws.

As regards other forms of insurance I was rather keen that they ought to be separate from the life insurance altogether because they are entirely on a different footing. If there is a big catastrophe in any place in any one form of insurance, we ought to see that the insurance under the head 'life insurance' does not suffer. They have got provisions of keeping separate accounts for each head of insurance but I do not know whether those separate accounts are liable to payment if there is heavy loss in one form of insurance.

The Honourable Sir Nripendra Sircar : I am afraid my Honourable friend has not read a single section of the Bill.

Dr. Ziauddin Ahmad : Not so thoroughly as my Honourable friend.

The next point I should like to touch upon is the flat rate of deposits. There ought to be some kind of sliding rate which really may help smaller companies. This is a point I should like to discuss in detail when we come to clause 6 of the Bill. Now, I should like to appeal once more that we should pay special attention to policyholders. We should pay special attention to small industries and we should not look to the interests of capitalists alone. They can look after themselves. They are in a better position to safeguard their own interests. The bigger insurance companies in India are in exactly the same position as the mill industry companies in Bombay. They ask the consumer to pay an extra anna for each yard they consume in the name of protection and they really try to crush cottage industries by putting special duty on yarn on which cottage industry is based. I appeal once more that we should look after the interests of the policyholders and of small industries.

Mr. N. M. Joshi (Nominated Non-Official) : Mr. President, I wish at the outset to make a few preliminary remarks on the objects of the Bill. The object of an insurance society is to provide facilities for the public to enable them to discharge their social responsibilities towards their relatives, wives and children as well as towards their employees and others. It is also the object of insurance society to enable the public to overcome difficulties in the way of making provision for their old age and for other difficulties which are incidental to human life. The object of this Bill is to regulate the business of insurance societies in order that the interests of the policyholders as well as of the shareholders should

be protected. It has been said by some speakers that one of the principles of insurance business is that Government regulation should be the minimum. I feel that proper protection can only be given by adequate control and regulation of insurance societies. Unfortunately, so long as the business of insurance is in the hands of private companies, there cannot be full protection of the interests of the policyholders. The object of private insurance societies is to secure profits for its shareholders. They render some service to the public as a subsidiary object. On account of the main object of the insurance society being to make profit for its shareholders, the premiums are kept as high as the insurance company can keep considering the competition with others. Moreover, as the object of the insurance company is to make profits, the investments are insecure as they cannot get larger rates of interest unless they invest their moneys on securities which are not absolutely protected. I, therefore, feel that the private insurance companies can never be made secure, full protection cannot be given to the policyholders so long as the insurance business is allowed to be kept in the hands of private companies. There will always be some risk of insurance societies becoming insolvent or bankrupt. Many insurance societies have become bankrupt and insolvent and no amount of Government regulation will take away the risk of the companies becoming insolvent and bankrupt. I therefore feel, Sir, that the scope of this Bill should have been as was suggested by some other Honourable Members, to bring the whole insurance business under the control of the Government of India. There are many advantages of the insurance business being brought under full State control. The risk is minimised, as very few Governments have become bankrupt or insolvent. Moreover, as the object of Government will not be to make profit, premiums will be kept as low as possible. Then the administration of insurance societies will be much cheaper if the administration is under the control of Government. No money will be spent for advertisements, and no money need be spent as commissions to agents to secure business. I, therefore, feel that the Government of India should have brought forward a measure to bring the whole insurance business under its own control.

The Honourable Sir Nripendra Sircar : It would be run as cheaply as the railways. (Laughter.)

Mr. N. M. Joshi : Well, Sir, I do not know what opinion the Honourable Member has about the administration of Indian railways by his Colleague, but I feel that his Colleague is managing the Indian railways much better than the private companies are managing them. I, therefore, feel, Sir, that the right way is to bring the insurance business under the control of the State. This question of the advantage of the State-management of insurance business has been investigated by commissions and committees and it has been the opinion of those people, who have investigated the problem, that the insurance business under State control is more profitable. Sir, yesterday the Honourable the Leader of the House while discussing the question of accident insurance and motor insurance suggested that the control over these forms of insurance should not be very strict so that there should be scope allowed for business being developed. Sir, insurance against workmen's compensation has been carried on by State funds as well as by private companies. The

[Mr. N. M. Joshi.]

United States Labour Department made an investigation into the problem and this is the conclusion at which they arrived :

"The United States Department of Labour after an investigation of different types of organisations engaged in the administration of workmen's compensation insurance remarked as follows : The result of this investigation shows that the State funds can operate cheaper than either the mutual or stock companies ; in fact, the average exclusive State funds can do business about 25 to 30 per cent. cheaper than the average private stock company."

Sir, I will give only one other quotation before I go on to another point. As regards the advantages of State management of insurance business, this is from a book by Mr. Joseph Cohen :

"The impersonal character of State insurance has advantages. Its speed, its certainty, its absence of any motive to make good bargains, make it obviously superior to privately organised insurance working for profits."

Mr. President, I should like to support the proposal made by my Honourable friend, Dr. Ziauddin Ahmad, that even if the Government of India today does not take the whole business of insurance under its control, it should extend the scope of the postal insurance. At present only Government servants are allowed the facilities of postal insurance. I should like the Government of India to extend the scope of work of postal insurance to the other members of the public also. Postal insurance offers insurance at a cheaper rate and, therefore, not only Government servants but other members of the public too should have the facilities offered by the Postal Department.

Then, Sir, I should like to bring to the notice of the Honourable Member in charge of this Bill a point in connection with some work akin to insurance work done by some of the trade unions in India. The Indian Trade Unions Act permits trade unions to spend part of their money in giving allowances to members or their dependants on account of death, old age, sickness, accidents, unemployment, etc., of such members. I would like the Honourable Member to give me an assurance that the provisions of this Bill do not apply to the kind of work which is being done by trade unions in helping members and the relatives of members. The Trade Unions Act of 1926 by section 14 provides that the following Acts shall not apply to trade unions : The Societies Registration Acts, the Co-operative Societies Acts, the Provident Insurance Societies Act, Indian Life Insurance Societies Act, the Indian Companies Act. I would, therefore, like the Honourable Member in charge of the Bill to provide that this Insurance Act also will not apply to the kind of work which I mentioned just now as being done by the trade unions.

The Honourable Sir Nripendra Sircar : I will shorten the matter. I am quite willing to accept that proposal.

Mr. N. M. Joshi : I am very grateful to the Honourable Member for accepting my proposal. I shall, therefore, make another proposal (Laughter), and I hope the Honourable Member will deal with it with equal generosity. This proposal is on behalf of certain associations or societies started by employees of Government or employees of other concerns. There are a number of mutual societies in India, out of which

some are registered under the Companies Act and some are registered under the Co-operative Societies Act. But there are about a dozen societies which are not registered either under the Companies Act or under the Co-operative Societies Act. The Bill, as amended by the Select Committee, provides for the mutual societies in part IV. Clause 86 which deals with mutual insurance companies does not cover the mutual societies which I have just mentioned. These societies not being registered under the Companies Act and not being registered under the Co-operative Societies Act do not get the benefit of certain concessions given to mutual societies by part IV of this Bill. The object of these societies is generally to help the members and their relatives by giving them some help immediately before their other assets are realised. Their membership is small, the work is generally done by honorary members. I, therefore, feel that this kind of society deserves to be helped by the Government of India. These societies generally may be called friendly societies ; and a friendly society, though not defined by any of our statutes, has been defined by the Government of India in their Finance Department notification No. 2118-S.R., dated the 23rd April, 1901. They define the friendly society as under :

"Friendly society is a mutual association established for the purpose of securing deferred annuities to the subscribers or provision for their wives or children after their death, or payments to their dependants or their nominees upon their death and in which the payment which may be made in respect of any one nominee does not exceed either a single payment of Rs. 3,000 or an annual payment of Rs. 500."

I would, therefore, suggest to the Honourable Member in charge that besides the Mutual Insurance Companies and the Co-operative Insurance Companies, he should create another class of mutual society called the Friendly Society. Unless that is done, they will not get the benefit of some of the sections of Part IV, namely, sections 89, 90 and 92. These sections give certain concessions to mutual societies, and it is necessary that this class of mutual societies should get the benefit.....

Mr. Lalchand Navalrai (Sind : Non-Muhammadan Rural) : May I know, Sir, if the Honourable Member is sending in an amendment ?

Mr. N. M. Joshi : Yes, Sir, I shall send an amendment, but before doing so, I should like to give some information to Honourable Members. Now, the concession under section 89 is that, if the provisions of this section are not applied to these societies, they will have to deposit with the Government certain sums of money in seven instalments. If they get the benefit of the provisions of section 89, they can keep a deposit in instalments equal to one-third of the gross premium income received in the previous year.

Then as regards the working capital, these societies for the present do not raise any objection, but so far as I am personally concerned, I feel that the working capital of these societies should be kept at a lower figure.

Then, Sir, they also want the benefit of section 90. This section reads as follows :

"No transferee or assignee of a policy issued by an insurer to whom this Part applies shall become a member of a Mutual Insurance Company or a Co-operative Insurance Society merely by reason of any such transfer or assignment."

[Mr. N. M. Joshi.]

These societies, which consist of members working together, either under Government or under some other company, do not like that some others should become members of the Society. They also want the benefit of section 92 which runs as follows :

" Every Mutual Insurance Company shall, on the application of any member made within two years from the date on which any such document is furnished to the Registrar of Companies under the provisions of section 134 of the Indian Companies Act, 1913, furnish a copy of the document free of cost to the member within 14 days of the application."

Now, Sir, besides the application of Part IV to these Mutual Societies, these Mutual Societies also feel that it is not right that they should be regarded as non-Indian insurers. An Indian insurer means an insurer whose three-fourths capital is held.....

The Honourable Sir Nripendra Sircar : This applies to a company. Yours is not a Limited Company with a paid-up capital.

Mr. N. M. Joshi : Anyway, these people who form mutual societies do not like to be called non-Indian insurers ; they feel they are very much Indian, and, therefore, if there is any risk of their being called non-Indian, they would certainly resent it.

Then they have another suggestion to make, and it is this. They do not want section 33 and section 34 (4) to be applied to them. They want the provisions as regards the nomination of their representatives or the persons to whom benefit should go to be applied to them, but they do not want the provisions as regards transference to be applied to their case, as it would involve a lot of difficulties by way of some form of inquiries being made and information being collected. Theirs is a very simple business. They want the money to be given to the nominees of members without much delay. These, Sir, are some of the points which I want to make on behalf of some of the Mutual Societies which are not covered by the Mutual Insurance Companies and Co-operative Insurance Societies. I hope, Sir, the Honourable Member in charge of this measure will give favourable consideration to all the points I have urged before this House. I may inform him, in order to get his sympathy for this object, that one of the Insurance Societies about which I have spoken is a Society which consists of the employees of the Secretariat of the Government at Simla and Delhi, and I hope their case will be considered sympathetically.....

The Honourable Sir Nripendra Sircar : That will make my friends opposite hostile. Don't mention them.

Mr. N. M. Joshi : I hope their case will be favourably considered.

Mr. S. Satyamurti : We are not hostile to Government employees.

Bhai Parma Nand (West Punjab : Non-Muhammadan) : Sir, yesterday in the course of his excellent speech the Honourable the Leader of the House referred to my remarks about small and new companies, and as it is very likely that those remarks might be misunderstood as an adverse reflection on them, I wish to take this opportunity to explain my position. Instead of in any way being against the young companies, I am entirely in their favour, and my reasons for the view I hold with regard to their dark future under the proposed

1 P.M.

legislation are as follows. My first reason is this. These new companies have been in existence, say for three or four years after they had raised about Rs. 25,000 for deposit as security, and they have not been able to collect another Rs. 25,000 during the period of their existence. It is simply hopeless to expect such companies to pay up Rs. 25,000 at once and make up the total amount of Rs. 2,00,000 in six years or in ten years, or, as the Honourable the Leader of the House remarked, referring to me, even in 20 years. I submit, Sir, that if within these four years they could not make up Rs. 25,000 more, it simply means they could not make up Rs. 4,000 a year. Taking then the maximum period of ten years to make up Rs. 1,50,000 more, they must earn and save Rs. 15,000 each year to be paid as security deposit, and to deposit Rs. 15,000 would mean that they should do business to the extent of Rs. 30,000 or so. Therefore, I say that if they have not been able to do annual business worth Rs. 5,000 during these years, how can it be possible for them to do business to the extent of Rs. 30,000 or Rs. 40,000 to enable them to deposit Rs. 15,000 or Rs. 25,000 a year more towards the security deposit fund. That is why I say that it is impossible for these young companies which number between 110 and 140 to exist under the new conditions that are being imposed on them. My second argument is, that the idea of fixing a certain period, whether it is six years or ten years, introduces an element of uncertainty in the life of these small companies. As soon as the people know that in case these companies are not able to deposit Rs. 10,000 or Rs. 15,000 a year and they will have to be wound up, nobody would do any business with such companies, therefore, they cannot expect to get any new policies or fresh income from premium out of which they could pay the deposit that is required of them. Sir, the insurance company business depends mostly on credit and it is just like the credit upon which banks are founded. When the public begin to suspect a little uncertainty about any bank there is a rush on the bank and the bank which is not able to pay up all the depositors is bound to close down. Similarly, to require these young and small companies to make such big deposits, will add an element of uncertainty with regard to their existence, and it would become simply impossible for them to get any premium even to carry on their ordinary existence. These are the two great reasons on the basis of which I made the remark that even if the period is extended to 20 years it will be simply impossible for these companies to exist and most of these companies will have to close down either in the first, the second or the third year.

I really do not understand what is the object of increasing the security fund. Either it means that Government is determined to have no more insurance companies in this country or it is to give a monopoly of this insurance business to only a dozen or fifteen big companies that have been in existence for good many years. My Honourable friend, Mr. Sen, has quoted in his report certain laws requiring insurance companies to deposit £20,000 or 25,000. All these companies, however, belong to the British Empire—New Zealand, Australia, Canada or the United Kingdom. But it is to be remembered that if you go to other countries, such as, France, Germany, Holland, no security deposit is required at all from an insurance company. My Honourable friend

[Bhai Parma Nand.]

should have given us the examples from continental countries where they do not require any deposits. It is wrong, morally, politically, as well as from the business point of view to give a monopoly of this insurance business only to such few companies which are called big and are in the hands of big capitalists, while depriving enterprising young men who want to do honest business in the field of insurance of the opportunity of making their livelihood.

What is the object of this Bill in raising the security deposit to 50,000, and in enforcing the payment of this amount within six years or ten years? Every one of these companies has deposited Rs. 25,000. That shows the *bona fides* of the promoters of the company. Rs. 25,000 is not a small sum in India. When they have deposited that amount with the Government, surely the money of the policyholders becomes quite safe. After that, they have to deposit one-third of the premium income with the Government, therefore, I do not see any risk to the policyholders at all. If there be any, the Government should make out a case to show that certain young companies or new companies have failed to pay up their dues to the policyholders and that they have been guilty of swindling or misbehavior in any way. If there be such charges against any one of them, the best way for the Government is to punish the guilty or to enact laws to punish those who are misbehaving in their business. Let me put this before my Honourable friends on this side of the House. They are all so much in favour of cottage industries. What does cottage industries indicate? It means supplying means of livelihood to the poor and to the lower middle class people. They do not care at all for the interests of the big factories that are owned by capitalists. But in the case of these small young insurance companies their policy takes just the opposite course. They want to abolish altogether 100 companies or so, and deprive these enterprising persons of their means of livelihood so as to favour the big concerns either in Bombay or in Calcutta. It means that all people must depend on these capitalists and they may amass large amounts of wealth. If my friends are sincerely in favour of cottage industries, they should favour smaller companies and encourage them, provided, of course, that these small companies are doing honest business. I am not in favour of dishonest persons or any such group, who are cheating the public. But, no case has been made out of the public being cheated, and, therefore, it is not right to start with the idea of killing all these young companies.

Another point is whether we are not transgressing the bounds of law to go on fixing time limit for depositing such a large amount in the case of insurance companies. The position is quite clear. The promoters of these companies had faith in the integrity of the law. The law has been in existence for the last 22 years. They deposited their amounts required by law and started the companies. Unless some of these have in any way violated the spirit of the law, there is no reason why we should change the law in such a way as to make the existence of these companies impossible. If they have been in existence doing good and useful work, why should the Government come upon them and make law so stringent as to wipe them out of existence altogether? There are certain Provinces in which no insurance business has been started

as yet. In Bombay there may be about 30 young companies; in Calcutta, about 20 or so; in the Punjab about 16 or so; and in the Central Provinces there may be only one or two such companies. The consequence will be that if you establish this condition then no new man can venture to have any company at all, in any of these Provinces. I include Sind also. Insurance is altogether a new business in India. In European countries the proportion of companies is much larger. Here the industry has just started in earnest, say, only three or four years ago and now the Government have come up with their heavy hand to kill them altogether.

The law is going to be changed so as to make the existence of these companies impossible and I do not see any reason for such a radical change. It may be said that the Legislature has the full right to change the law but there is one thing that they have to keep in view, whether it is in the public interest to do so. The question is simply this: whether the abolition of these companies and wiping them out of existence is consistent with the public interest, in the present condition of things in the country. I think when you talk of small companies, you have got the conception in your mind of a certain adventurer who deceives people, starts with somehow collecting Rs. 25,000 and then makes a lot of money. There may be some such persons among the promoters of companies but that is not all, there are thousands of shareholders who have got shares in these 100 companies, assuming that each company on an average employs 10 men, these companies give employment at least to a thousand people. You are seeking to remedy unemployment and for an imaginary fault of these promoters, you are going to abolish all these companies and make the problem of unemployment more acute. Besides, you take away the shareholders' money, which will be quite lost and the policyholders will be placed at a great risk. All these things you are prepared to do simply because you have got a whim that certain young companies are mushroom companies, that is just as is said. Give the dog a bad name and hang it. My view is, that this action is contrary to public interest. You are making the legislation so severe as to drive the business and men doing it out of existence.

My friend, Mr. Joshi, was talking that the State should take over all this insurance business in its hands. The time may come when the State will take over all businesses in its hands but is it to be done at once? If that is the idea, then why does not the State take over all the factories, all the shops in New Delhi, Lahore, Calcutta and elsewhere? Why not take over shoe making? You want to kill all individual freedom. You say that the State should take over everything and no individual should earn anything in any way. If so, let the State cook for you, make your clothes and as my friend suggests supply you wives also. Here in India some enterprising young men have started this business. Where is the justification for the State to snatch it from them. Even the big companies started with a small beginning and they have now grown up. This spirit of initiative on the part of the people should not be crushed by placing all business in the hands of the State.

You can increase the amount of deposit to, say, 40 per cent. or 50 per cent. or even more so as to secure policyholders from risk, but this

580

LEGISLATIVE ASSEMBLY.

[31st AUG. 1937.]

[Bhai Parma Nand.]

policy of enforcing such a law on new companies means death to insurance business and disruption of thousands of enterprises in this country.

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

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

Mr. Thirumala Rao (East Godavari and West Godavari cum Kistna : Non-Muhammadan Rural) : Mr. Deputy President, this legislation is long overdue. The last piece of legislation on the subject was placed on the Statute-book in the year 1912. Nearly quarter of a century has passed when the Government of India have thought it fit to legislate for the insurance companies and the insurance business as a whole. But, Sir, coming as it does during the period of interregnum when the provincial part of the Government of India Act, 1935, has just been inaugurated and when a little modicum of power is said to have been conferred on the Provinces and when the Government of India still remains unresponsive and irresponsible to the people, this legislation is being sought to be placed on the Statute-book. It is bound to reflect the conservative nature of the Government of India.

When I listened to the speech of Bhai Parma Nand and when he made fun of insurance being made a national concern, I felt very sorry for him. Insurance is a social service, a public utility service and is as widespread in its utility and necessity as water and light, because it is a service that affects every branch of society whether it be rich or poor. If we see the advance which insurance in other countries has made, we will find that there is no human activity which is not covered by it. After all, insurance is like a motor car. What shock absorber is to a motor car insurance is to society. When an individual receives a shock, that shock is transmitted over the whole community and that shock is shared by the community almost unnoticed and unobserved. Therefore, when a nation wants to raise its standard of living, insurance also gets an opportunity of raising itself. When a man dies, he is expected to make some provision for his family. He is expected to keep his family out of want and he should not throw his family as a parasite on the community as a whole. Therefore, a day must come when this nation and when this Government is one and a day must come when the State should think in terms of people as a whole and provide and take over the insurance of the people as it has taken over the railways, as it has taken over the water resources and as it has taken over the lighting and other public amenities. Therefore, I am sorry that such a public man as Bhai Parma Nand should ridicule it and say that all shops and cobblers have to be nationalised. If he had known more of it, he would not have spoken in this strain.

I now come to the subject proper. Though the Bill does not go far enough and though it does not cover all the activities which a national government is expected to cover, still we have to accept it for what it is worth and see if this House cannot improve it. With regard to the clause concerning the deposits, a lot has been said of younger companies. I am not a capitalist. Being a man who stands for the nationalisation

of all these services, I am not a man that will argue for the capitalist firms or the big companies as they are called, but there are companies and companies. If you take the statistics of the Life Insurance Companies in India, you will find that 127 companies have come into existence during the last seven years, that is, since 1930. Of these, I may say nearly 90 companies have not got 20 lakhs of aggregate business to their credit. Therefore, I say that there are very many companies which may legitimately and reasonably be called mushroom companies. This is an awful case of want of proper legislation and proper control on the part of authority that has given large scope for adventurers to carry out their adventures as they liked. But I am not one of those who plead for throttling the smaller companies in order to fatten the rich companies which have already fattened themselves very much. But you must have a certain standard of judgment and see whether these companies can be helped to stand on their own legs, walk and gather strength as they develop from day to day. The clause with regard to deposits gives seven years' time. I suggest that a period of ten years should be given to them and a graded system of instalments should be sanctioned because each company is expected to increase its business and funds year by year. In the first year you must collect a certain proportion of the premium and then go on increasing it until the statutory deposit of two lakhs of rupees is made up. The same should be the case with regard to the general insurance companies. We are not very much well off with regard to the general insurance companies in this country because all the general insurance companies that have been started in this country have been working against heavy odds, namely, the foreign competition. Therefore, if you ask all these companies to make their deposits in a lump sum of 1½ or two lakhs, that will work a hardship upon them. You must also devise a certain system of graded payment of deposit. Then, there is another clause with regard to the general insurance companies, I mean with regard to starting by the same company of several sections of insurance. If the same company, which is called a composite company, wants to start life, marine, fire and other branches of insurance, then, as its business develops, it will be able to deposit in each section of its business, a part of its annual income. Therefore, for such composite companies facilities should also be provided to deposit by instalments in a certain number of years for all the sections of the activity which a company takes on hand. With regard to investments, I may say that the Bill rightly demands that investments of all companies transacting life business in India, irrespective of Indian or foreign, should be deposited in Indian securities. A certain amount of it, say, 30 per cent., may be deposited in Government securities, 30 per cent. of it may be deposited in other trust securities and the remainder may be allowed to be invested only in the country. If you see the history of any country, say, Japan or the United States of America, you will see that a large part of the funds of these insurance companies are being utilised for industrial development. If you see the history of Japan, whose progress has been remarkable during the last half a century, which is competing even with Britain and the United States of America in its technical and mechanical skill, you will see that it is the money of these insurance companies that comes to the rescue of Japanese industry. I said that the

[Mr. Thirumala Rao.]

insurance business should be nationalised. It is also the duty of the national government to utilise all these public funds as far as possible for the development of mineral and industrial resources of India. If you see the insurance history of Canada, you will find that the public utility services, such as, the electricity and certain railway construction, are owned by the insurance companies. The huge moneys that have been accumulated by these companies enable them to serve the public in many ways and earn decent interest for the policyholders. So also you must enable Indian companies to utilise certain portions of their funds not only to invest them in their buildings but also to invest in remunerative and good industries, to provide employment to a large number of our countrymen and also to develop the country in every way.

With regard to non-Indian companies, I suggest that non-Indian non-life companies should also be asked to deposit a certain proportion of their income in this country. My Honourable friend, Dr. Ziauddin Ahmad, was telling us of a said story that his money was locked up in Germany, that he was getting his interest all right, but that he could not get his original capital. Our experience with regard to foreign countries is the same. When the Great War broke out in 1914, when Germany was declared the enemy of England and when Germany wound up her business in India, she took away all the assets out of India. What became of the goods that were insured with German companies for fire, motor, marine, etc. All the moneys were lost. They had to be insured again in some other companies. I have just now got a paper supposed to have been issued by the Italian Government that any investment made by any Italian company in any part of the world is the property of the Italian Government. They are going to be owned by the Italian Government or rather confiscated to the Italian Government, no doubt the owner will get some compensation. The ownership of funds accumulated by Indians in any Italian company will automatically be transferred by the decree of the Italian Government to that Government. What are the policyholders to do in such circumstances? The Government of India as the limb of the Imperial British Government is quite helpless in the matter and they are leaving the policyholders of such companies in India to their fate. Therefore, we must insist that foreign companies that are doing business in India in life, fire, marine, etc., should invest a portion of their funds in India. Some Honourable friends say that the general business extends only for a year or so and what matters it! But you must realise, Sir, that the premium collected by these companies runs to several lakhs. For instance, foreign non-Indian companies get a premium of 134 lakhs per year from fire, 44 lakhs from marine and 68 lakhs from miscellaneous insurance. If there is going to be a war, as all countries are bent upon waging war, then all these moneys will go out of India and where is the guarantee that they will be got back. To-day every section of the world is threatened with a great catastrophe and if another world conflagration should come, nobody can be sure that it will not affect the companies operating in India.

Now, Sir, with regard to Managing Agents, I am not very fond of this system. One of the welcome provisions in the Bill is to give them ten years notice and to fix their remuneration at Rs. 2,000 a

month. I must admit there are Managing Agents of all sorts. For life business I submit that Managing Agents are not absolutely necessary. A Board of Directors with a paid staff can manage the business. I can inform the House that Managing Agents have taken lakhs of rupees as commission and it has become a scandal. I tell you, Sir, that some Managing Agents take two lakhs of rupees per year as commission for managing the business of an insurance company. A Managing Agent may be a very capable man, but he is setting a very high value on his capacity and, therefore, it has become a gross scandal.

With regard to General business, the Managing Agents ought to remain, I think, for some time, because this line of business has to compete with mighty foreign companies, and in this field the assistance of Managing Agents is really required. In the case of the Companies Act which was recently enacted in this House, a period of 20 years was fixed for the termination of the managing agency system and I think, in the case of general insurance companies, the same argument holds good. With regard to combined companies, I may tell you, Sir, that there are certain companies which are now carrying on both life, marine and fire all together. We can separate the life department from it and we can ask the Directors to manage the life section of it and keep the Managing Agents for the other sections and let the company go on in this way. What I say with regard to Managing Agents holds good with regard to managers of certain companies, the paid officers of certain companies are not less guilty in this matter. When you see certain companies paying their managers Rs. 7,000 and Rs. 8,000 per month, much more than what an Executive Councillor in the Government of India who is supposed to rule the destinies of this country gets, it takes one's breath away. It may be said that one per cent. or half per cent. of the total amount of the companies is given to these managers. Lakhs of rupees come to the coffers of a company every day and lakhs go out for the efficient management of these companies, and, therefore, the manager should be paid Rs. 7,000 and Rs. 8,000 and so on. But I submit, if you go on thinking in terms of thousands so far as those in charge of the management of the company is concerned, then there is no limit to the remuneration that you can pay. There must be a limit to this exploitation and the sooner the Legislature steps in to put a stop to this exploitation on the part of the managers, the better it is for the policyholders and others concerned in the welfare of the company. The expenses of the management and the office expenses should also be reduced to the same extent and the profit released thereby must legitimately go to augment the bonus to the policyholders.

With regard to the clause dealing with limitation of commission, there are two opinions. The younger companies do not want any limitation of commission, but the bigger companies do want a limitation of commission. I understand the position of the bigger companies, the argument of the bigger companies is this that because they have built up a status in this country, having built up a strong financial position in the country, they are able to attract good agents, capable agents, on less commission. But what is the position of a new company. If the new company wants the services of any agents, the agent bargains with that company and asks what will be the extra commis-

[31st Aug. 1937.]

[Mr. Thirumala Rao.]

sion that he will get over and above that which the old established company gives him. He insists on some margin of difference in the commission allowed by the new company. I no doubt concede there must be some limitation somewhere. If you see the early history of these old established companies, you will find that sometimes they spent 175 per cent. of their first year's premiums to get business. There are companies which spent 265 per cent. of their first year's premiums to get business. If you want to safeguard the interest of the policyholders which seems to be the view of all sections of the House, if you want to safeguard the companies from going into liquidation, you must see that this curb is applied. You can act equitably. There may be some difference between younger and older companies in the rate of commission allowed to them. I suggest that 40 per cent. should be the maximum commission allowed for the Agent, 20 per cent. should be allowed to the Chief Agent over and above this 40 per cent. I suggest, that for all companies started after the year 1926, an extra ten per cent. may be allowed for five years to come so that they may be able to compete with bigger companies and make up the deficiency and come into line with them. I also suggest, that there should be some limitation with regard to the commission allowed on fire and marine and other business also. If you see the history of the cut-throat competition, if you see the unseemly fight, the most unhealthy fight that has been going on between foreign companies and Indian companies with regard to the so-called rebates, the companies go to the extent of not only losing their legitimate commission, but I fear they go and spend a little from their capital in order to retain their business in India. These are the unhealthy signs of competition that have developed and the Legislature must come in and put a curb on these unhealthy fights by limiting the commissions on the non-life business also by putting it at something like 25 per cent. for fire, motor and other things, and 15 per cent. for marine and similar other business.

Then, with regard to the licensing of agents; an agent is a much abused man but I have seen that he is really the life-blood of the business. He is the feeder, he is the man who is the intermediary who takes an unwilling policyholder to the insurance company and under goes all the misery, all the humiliation and all the trouble that is involved in being an insurance agent. Go to any office and you find notices saying, "Dogs and insurance agents are not allowed here". You go to our own Secretariat: "Bill collectors and insurance agents are not allowed here". This is a business which I think is most noble but which is most ignobly treated on the face of the earth. To make a comparison, which is the noblest profession? Is it the lawyer's, is it the doctor's or is it the insurance agent's? There is a humorous story that when a doctor was going to take up his first case he told a lawyer friend of his, "Look here, I am going to a patient. He is going to die and I have got to treat him". The lawyer said, "Shall I follow you to write out his will and testament?" Then the insurance agent follows afterwards. The lawyer comes and shares the property with the litigant when the man is in difficulties; the doctor comes and takes away his fees whether the man lives or dies, just as they say that the operation was successful but the patient died. But the insurance

agent is the man that comes to the rescue of the family, himself taking only a pittance. If you insure for Rs. 2,000, if you pay a premium of Rs. 100, the insurance agent only gets Rs. 40 during the first year and Rs. 5 as long as the policy is in force; and the family gets Rs. 2,000 and feels eternally grateful to the man. And how many families are there today who, just to get rid of a teasing agent, have insured compulsorily and unwillingly and have felt grateful afterwards, that being the only income left to them! There was a doctor friend of mine who was earning Rs. 1,000 a month and spent all his money by going abroad to enrich his academic qualifications. He died suddenly and all that remained of his earnings was a policy for Rs. 10,000 which enabled his children to educate themselves, and they are now in a high position in the Hyderabad State. There are very many cases like this. And when the Bill has not thought of the agents I think I must raise my voice in respect of them and say that when the rules are framed by Government liberal rules should be framed in their favour. There are very many agents who are very poor. The agent does not require any capital for his business; he has to live on his wits and on his capacity to convince people. Of course, wits have been misused by many people not only in this profession but also in many other professions. I do not give credit to them. Some of the agents are part-time workers. There are teachers who earn Rs. 30 a month during their working hours at school and earn Rs. 50 more by working as agents of insurance companies. Therefore, you must take all these things into consideration and when you frame your rules you should see that some leniency is shown during the earlier years. No doubt the capacity, the general level, the character and the general qualifications of these agents remain to be improved. That is the duty of the companies as well as the State. They will come up gradually, but in the initial stages of licensing agents the rules should be somewhat liberal. And with regard to their commissions—neither Government nor the big companies nor the small companies nor the mutual companies, etc., who have flooded Simla with all kinds of literature, have thought of the poor agent's commission. I have known certain companies getting ten lakhs and 15 lakhs business through these agents, and they simply and quietly give them the slip, on some technical ground or other. But I suggest one thing. If an agent puts in loyal service for ten years, if the agent pays undivided attention to the company and does not work against the interests of the company, he must be guaranteed his renewal commission on the business which he does so long as the business is in force. Such a provision should be incorporated in the Bill, but it is conspicuously absent.

Then, Sir, with regard to the provident funds societies, their history is a peculiar one. Twenty-five years ago very many provident fund companies came into existence. They used to insure an imaginary person and then collected something and robbed the people like cheats and swindlers. But those days have gone. Very recently some companies in Poona, at least a company in Poona, one in Madras and some others in Northern India have deceived people to a large extent by offering them very beautiful schemes, that people who insure with them and take a policy with them will be sent to England for higher education and will be made big men, and so on. If the House bears with me for a minute I will just read a paragraph from a judgment of the Sessions Judge of Vizagapatam who in winding up a provident company and in sentencing

[Mr. Thirumala Rao.]

the dishonest promoters of the company to various terms of imprisonment said :

" Hundreds of well-meaning women became victims of this Birth scheme, which was a madman's scheme even on the most charitable construction. The Registrar of Provident Societies " (who is now an Honourable Member of this House nominated by Government) " rendered a real service to the public by cancelling the registry of this company under the Provident Insurance Societies Act and thus wiping out this diseased growth."

Better late than never, Government have come to the rescue of these innocent people who are being swindled by these provident fund companywallahs.

With regard to mutual societies this deposit of Rs. 50,000 works as a hardship on all the mutual insurance companies because they do not have shareholders. They do not raise share money but have to depend upon themselves. Therefore, I suggest, that the initial deposit should be reduced to Rs. 25,000 to enable the mutual companies that have come into existence to thrive. They are bound to thrive. I see from the reports that I have here, from some of the mutual companies, that they have got a bright future, because they have not got shareholders, they have not got managing agents. They have only policyholders who are proprietors of these companies.

My Honourable friend, Professor Ranga, reminds me of the employees. Of course with regard to the employees also I do not know if the Act can provide. I am not sure if Government or the Legislature can come in to protect the terms which the companies offer to their employees. A certain section of the employees should be controlled, namely, managers and other staff who are highly paid. But with regard to other conditions of service I am very much afraid that in the limited conditions in which this Act is conceived and we are working, it may not be very much possible to incorporate all these things. If real power is exercised by us in the way in which our Provincial Governments are exercising to a certain extent, I am sure we can get all these things that we want, and see that the interests of the employees, not only of this trade and profession, but, of other professions as well, are duly safeguarded.

Sir, I will now deal with another point. Yesterday I heard the speech of my Honourable friend, Sir Leslie Hudson, with great attention and I was very much disappointed. Their one argument is that the Britishers have been in India whether as Government or as businessmen, to protect us and provide us with the best amenities of life. He says the consumer's interest must be considered. When you think of Lancashire, when you think of the British motor industry, when you think of the insurance industry, whatever industry they dump on our country, they want to consult the convenience of the consumers and nobody else. Such disinterested people ought to go to every country on the face of the earth but, unfortunately, they are not allowed. We are the only people who have given a free field to exploit the country in the sense that we are not able to resist them. With regard to this legislation he says it will have repercussions in other countries like Africa and other places wherefrom our companies have been getting business. I

will just give you some figures of non-life insurance business. Of the net Indian premium income of 2½ crores, the non-Indian concerns take away 193 lakhs and the Indian companies get only 54 lakhs. We are beggars in our own country. Not only that, we are driven from pillar to post. Our companies are compelled to go abroad and use all their capacity and influence and wit to start their branches there and get some business there in order to live. But our companies are getting 89 lakhs abroad. In India we are losing 193 lakhs. Let Sir Leslie Hudson and his companies go away to those countries and take those 89 lakhs which they are losing there and allow us to retain the 2½ crores here. Sir Leslie says that earthquakes, cyclones and all these things are the peculiar misfortunes of this country and, therefore, all these foreigners have come here to help us out of our difficulties. Sir, I would ask them to go to the land of earthquakes and hurricanes, I would ask them to go to Japan to help those people out of their difficulties and see if any of the foreigners would be allowed to land in their country. It is quite unfair to say that India is subject to peculiar misfortunes. India is not subject to greater calamities or difficulties than Europe is at the present moment faced with ; Europe is now the hot bed of trouble, of uncertainty, with war clouds in the horizon, and, therefore, it is that our friends the foreigners have come to a safer country like India, where they are able to carry on, under the protecting wings of the accommodating Government of India, their business without any risks or difficulties.

Then, Sir, coming to Mr. Sen's Report, he has himself confessed very mildly though, that these Exchange Banks refuse to accommodate our merchants unless

3 P.M.

their goods are insured with the non-Indian insurance companies. If Honourable Members will see Lala Lajpat Rai's monumental work called " England's Debt to India ", they will observe that he has stated there that all these foreign Shipping, Insurance and Banking companies are a sort of unholy trinity that have been robbing this country every year to the extent of one hundred crores of rupees. Go to a British Bank for accommodation, and the manager will at once ask you, " Where have you insured your goods ; you must insure with a British Company ". If you go to an Insurance Company, they will ask you to ship the goods in one of their ships. Unless the poor Indian merchant agrees to fulfil these two conditions, the Exchange Bank will tell him " I don't want to accommodate you ". Sir, this is really a huge conspiracy. It is an open thing. These foreigners are here for business, for exploitation, for their own selfish interests, and they have got the Government of the country at their back to help them. If you deprive these people of what they enjoy now by way of business in banks, shipping and insurance, and in every other field of business, if you deprive them of the mighty protection which they are getting at the hands of the British Government, then they will be able to do no business here.

I am sorry, Sir, that the Honourable the Leader of the House who, I thought, would be able to come to the rescue of this country could not do so in framing a suitable definition of non-Indian and Indian Insurance Companies. Is it difficult to define a man as an Indian insurer ? I feel, Sir, to what a humiliating position he and I are reduced in our own country. To find a suitable legal definition for an " Indian Company " is now beyond the reach of even such an eminent and acute lawyer as the

[Mr. Thirumala Rao.]

Honourable the Law Member. True, we are enacting this legislation under conditions which are very unfavourable to our country. When I go through the list of Insurance companies operating in this country, I find that practically every country on the face of the earth has a share in the insurance business of this country.—I find there are companies from the United States, Australia, Canada, Hungary, Hongkong, the Straits Settlements, Switzerland, Germany, Holland, France, Italy, Austria, Japan, Java, in fact every Tom, Dick and Harry from all over the world comes to India and carries away a good portion of our business. India has become a Caravansarai for all, it has become the proverbial Dharmasala, a dumping ground for all these foreigners, to do business as they please. Where, Sir, I ask, is the protection for us? Can we go and do business in Italy, or in Germany, without our agreeing to submit to certain humiliating conditions which those countries may choose to impose on us? Of course, the Honourable the Law Member has said that he has tried to incorporate certain sections in the Bill to give us protection, but they will not be of much avail for Indian companies operating in foreign countries being discriminated against. I cannot say how far these measures will be effective. Clause 3 (a) in the Bill is designed to give a measure of protection, by way of re-insurance. But a constitutional difficulty is raised against it by the Law Member. There is no use of holding a pistol over our head.

I feel, Sir, that we have to accept the present Bill for what it is worth and try to improve it, and when better times dawn on this country, we will have to nationalise Insurance. (Applause.)

Mr. Sham Lal (Ambala Division : Non-Muhammadan) : Sir, the Insurance Bill has been long overdue, and I think if it had been passed earlier, a good deal of mischief could have been prevented; the growth of mushroom companies could have been prevented to a large extent. Anyhow, Sir, I think the Honourable the Leader of the House deserves credit for having introduced the two Bills, namely, the Company Bill and the Insurance Bill, and I must confess that these two Bills have been free from any political bias or political considerations. But there is one very good feature, and from that point of view I think the debate was very interesting indeed. The Honourable the Leader of the House has got a homicidal mania for Managing Agents. He in fact, coming as he does from Bengal, has become a terrorist (Laughter), and I hope if the Managing Agents are not shot down, he would not go on hunger strike! While the terrorists and revolutionaries are confessing openly that terrorism would not pay, our Leader of the House has become a terrorist! (Laughter.) Why has he become a terrorist? Why does he want to shoot down the Managing Agents? He cannot tolerate them,—and I think rightly too—I don't blame him for it,—he cannot tolerate them because he does not want that the Managing Agents should live upon the spoils of the policyholders, he does not like that these policyholders should be exploited, he does not want that these Managing Agents should draw large salaries at the expense of the policyholders; therefore, he cannot tolerate them. And if he has developed a homicidal mania against the exploitation of these Managing Agents, I hope, in course of time, he will also develop a homicidal mania for the Managing Agents of British Imperialism in this country. (Hear, Hear.) I hope

he will have a soft corner for those revolutionaries and terrorists. I am not treating this as a joke, but I know how they feel when they see Government servants drawing large salaries out of all proportion to the economic wealth of the country, and they do not get any job to support themselves. Sir, I had something to do with some of the conspiracy cases, and I know what led some of these youngmen to become revolutionaries. When these Ordinances were passed and they were thrown out of employment, they began to make bombs. I hope, Sir, the homicidal mania which my Honourable and learned friend has developed against exploitation would continue in the case of other exploiters, if not exactly a homicidal mania, at least a feeling and a determination to put down the exploitation on the part of the Managing Agents of British Imperialism. This is what we want, and this is what we expect of him, because this is but natural. I have also experienced it that we cannot tolerate the exploitation of others except our own, and I feel it sometimes that lawyers are also exploiters of the poor people, and we cannot often see our own exploitation, and if the Managing Agents are to be shot down, at least these exploiters of British Imperialism should also be put down, and I hope the Honourable the Leader of the House would try to introduce a Bill at an early date to put down British exploitation of this country. In answer to one of the arguments of one Honourable Member of this House and the speech of Dr. Dalal, the Honourable the Leader of the House said: 'I am not to remain here for long. I cannot be tied down to this Assembly for long'. I hope if he has got that spirit, we wish him to remain here and deal with the British exploitation which is sapping this country.

Now, Sir, with regard to Managing Agents, we find that the Honourable the Deputy President, after returning from England, has got some contagion, and he says that he wants the English system to be introduced (Laughter).—he complains against the Canadian system. He asks why should these restrictions be imposed, why should there be these Superintendents, why these deposits and investments? He is against all these.....

An Honourable Member : No, no, he does not say that; he quieted down afterwards.

Mr. Sham Lal : You will also be surprised to find that the Deputy Leader of our Party, Mr. Satyamurti, who cannot tolerate the British administration in this country, is now all for Government; he says that the money should be invested in Government securities. (Laughter.) Why has this change come about? He comes from Madras and he thinks that there would soon be national Government in this country. I come from the Punjab and the Honourable the Deputy President comes from Bengal and we cannot share the optimism of my Honourable friend from Madras. (Laughter.) We cannot think in that way. What does the Deputy Leader of our Party want? He thinks, well, Swaraj is coming very soon and this Superintendent will be our own, and if the money is invested in Government securities they will be our own. He does not want that this money should be frittered away in the interval. His argument is, I should say, like that of General Hindenburg. What did Hindenburg say when the Russian Army was fleeing? He did not allow them to be drowned in the lake. The General told him, "Why don't you allow this Russian Army to be drowned?"

[Mr. Sham Lal.]

Hindenburg answered, "I want their boots!" (Laughter.) Same is the case with our friend, Mr. Satyamurti. He does not want these capitalists, these Managing Agents, defeated as he finds them, to take away our money, and he wants the money to be secured in Government securities. There is, of course, a change in his mental outlook coming as he does from Madras. So far as our Deputy President is concerned, he wants all the restrictions to be removed; perhaps he would desire that there should be no gateman at the railway crossing gate and no traffic constable at the road crossing. He does not want anybody to control us. But I submit that in money matters, in the case of insurance companies and, as a matter of fact, in the case of all companies, there must be some control, and if you do not have any control there is always a danger of clash. People might say, that the gateman at the railway crossing or the police constable at the road crossing stops you unnecessarily but these precautions are necessary. We must have some men to control the business, and I am in favour of that control being exercised by the Superintendent or by some other person, because exploitation, embezzlement and dishonesty are increasing. The position is simply scandalous and you must stop it. I was very glad to hear the speech of my Honourable friend, Sir Leslie Hudson, and his speech and his words are always entitled to great respect. But just as a man begins to believe in his own exploitation and thinks that that is the right way, so also my Honourable friend thinks that you can satisfy policyholders if you spread your business very far—in Africa and other places, because if an earthquake like the Bihar earthquake or the Quetta earthquake happens, you can bring money from other countries. But that is not the real position. We want to be self-sufficient with regard to insurance business and we will rely upon our own resources and we would not like insurance companies who can bring money to Indian policyholders from abroad. I do not believe in that at all. This argument of efficiency has been trotted out in season and out of season—that efficiency would suffer. But let us see what are the facts. Efficiency has not suffered in the United Provinces where Pandit Govind Ballabh Pant is the Prime Minister getting Rs. 500 a month. He goes to Cawnpore and stops the strike. Some Indians have fallen into the bad habit of thinking that efficiency would suffer if the salary is low. My submission is that we should concentrate upon the remuneration of the Managing Agents, because it is only in that way that you can stop the exploitation of the Managing Agent and it is only in that way that we can stop the exploitation of foreign managers. The Honourable the Leader of the House has made out a good case under clause 3A and he has rightly pointed out that there is risk of our losing the Bill if we introduce discrimination. I think that if we introduce discrimination and want to rely upon re-insurance, as my Honourable friend has pointed out, we won't get re-companies would be antagonised and they would give the reinsurance to the United Kingdom companies, and, therefore, we should not depend upon their giving us re-insurance. Of course, my Honourable friend has made out a good case. Though, situated as we are, we cannot go against the Government of India Act, we have got one weapon which would break through all the walls of the Government of India Act, and if we listen to the sermon given by the Saint of Shegaon every day and every week,

reduced salary and sacrifice is our sheet anchor. If we are prepared to introduce the spirit of sacrifice in insurance business, this Government of India Act would fall to pieces just as the safeguards have done in the case of Provincial Autonomy at one stroke of Mahatma Gandhi. I think the Honourable the Leader of the House has admitted the effectiveness of this weapon. What did he tell the Managing Agent? "Do you want to be shot down, or do you want to remain for three years, or do you want to remain for ten years getting Rs. 1,000 salary?" They said, "No, no. Let us live for three years, but we do not want to get Rs. 1,000 and stay for ten years". The Managing Agents are trembling at this weapon of reduced salary, and this would not be any discrimination. It would apply to the managers of foreign companies also. Of course, we cannot make any discrimination against them, but we cannot make any discrimination in their favour and the Government of India Act would not come to their help. I submit with all the emphasis at my command that all Members of this House who are really against foreign companies should concentrate upon this, namely, let no manager, let no Managing Agent, let no executive officer of any insurance company in India draw more than Rs. 1,000 salary, and without infringing upon the Government of India Act, you will succeed in driving out foreign insurance companies. If they by accepting Rs. 1,000 want to do genuine insurance business, let them remain. If Englishmen want to draw low salaries and want to serve India, let them remain, we are not against them. But our poor people are not in a position to pay high salaries to the I. C. S. people and our policyholders, poor as they are, are not in a position to pay high remuneration to the Managing Agents or the managers. You may delete clause 3A, you may not have any discrimination against foreign companies, but we must stick to this position. It is a very big problem. In India you can make the lives of the I. C. S. people or the other high-salaried Government servants intolerable if you show a spirit of sacrifice. If anything has appealed to the masses in India, even if the achievements of the Congress be not very high in other respects because this Government of India Act is not specially suitable,—if you ask the villager in India he will say, "Look here. Here is the Congress Minister, getting Rs. 500 per month. No loss of dignity is involved." Dignity is trotted out by those high-salaried men, who say, "We would lose in dignity if we get small salaries. We would not be able to give all parties, we would not be able to go in a motor car". These are all bogeys of efficiency. If nothing else appeals to the masses, the reduced salary has appealed to them extraordinarily well and it is the sheet anchor of the Congress. I hope in the case of the Insurance Bill also we should stick to it. Let any other amendment be passed. Let the Bill be amended in any other way. But so far as the question of this remuneration of the Managing Agent or any executive officer of the insurance company is concerned, let there be a reduction in the remuneration and you will succeed in your object. You would be able to protect the interests of the policyholders and you would be able to drive out foreigners from this country. You need not shoot them down. The Honourable the Law Member was in favour of killing the Managing Agents. From the Congress side, we say: 'let them live for ten years and let them draw only Rs. 1,000'.

An Honourable Member : Rs. 500.

Mr. Sham Lal : Let that be and then the Managing Agents would tremble. Whatever may happen I consider this to be the most important point on which we should not yield if you really want to stop exploitation. That is my position with regard to Managing Agents.

While on this subject, I want to bring prominently to notice the position of clerks. They are made to work from 9 A.M. to 6 P.M. They are fined. They get no provident fund, or casual leave or sick leave. Their lot is bad and, I think, it is possible under clause 101 to make rules so far as employees are concerned. Qualifications could be laid down. The hours of work should be fixed and also minimum salaries. Also rules should be made with regard to casual and privilege leave. Facilities should be given for provident funds. The fines which are collected should be shown in the accounts so that we may see how the employees are being treated. You are doing it in the case of labourers and this insurance business is becoming such a huge business that there is no reason why you should not give some privileges to the employees. You should try to make the lot of these people, who work from morning till evening, comfortable. Then again as regards chaprasis and orderlies. They ought to get a house allowance in big cities like Lahore, Bombay and Calcutta. A rule should be made in that direction also.

Then, rules should be made—it may not be by legislation—in this respect also. I think so far as Government insurance work is concerned, so far as Government properties are concerned, so far as industries which are protected by bounties or in any other way are concerned, so far as local boards or their insurance work is concerned, I think the Governor General in Council can make rules under clause 101 that all this work should go to the Indian companies and it should not go to foreign companies. You are laying down in the matter of railways that only Indian-made articles should be purchased. In the same way, you can make a rule under clause 101 that the insurance work in institutions controlled by the Government should go to the Indian companies and I think it can easily be done.

Now, Sir, with regard to the several points that have arisen with regard to deposits to be made by the insurance companies, of course, I have got nothing to say about this except that periodical valuation would introduce complications. I am not against deposits and I think a reasonable period has been given. Just as the Honourable Member said, if you satisfy their demands and the appetite would grow but I think you may raise the amount of deposit but this periodical valuation would introduce complications, uncertainties. After all, in every case, you have to take the risk. Even in the case of Government securities, during war time, the value was reduced to 53 per cent. I think, therefore, that this periodical valuation would add unnecessarily to the work and it would introduce complications.

With regard to the investment, I have to make one suggestion. While I am in favour of the life reserve fund being secure, you cannot ignore what has been done in the past. Now, within one year, every company has to satisfy the conditions of investment, whatever amount you fix. If you fix 33 per cent. in Government securities, 33 per cent. in approved securities and 33 per cent. free, even that would introduce complications. If the company says : ' I can get 18 per cent. dividend on

this security ' I say ' No ' because we have found that they can manipulate figures and they can give you a picture which may appeal to you but which is not the right picture. I find that the life reserve fund of several companies is invested in buildings and securities which are very safe and if you begin to sell buildings and those shares the Managing Agents would make lakhs, if the sale is to be effected in one year. There are companies which have invested crores in buildings and in shares which are quite safe and if you make it a condition that 33 per cent. should be in Government securities, 33 per cent. in approved securities and that is to be done within one year, I think even big companies might suffer and there might be a clash and I think that no sound company should fail on account of the provisions of this Bill. You can just imagine what the Managing Agents will do. They might perhaps welcome it. ' What are we to do. We must sell these shares and buildings within a limited period '. The market would go down and you will find these insurance companies will suffer. My suggestion is if you fix a proportion so far as the investment in Government security is concerned, let it be done within one year. There appears to be a consensus of opinion with regard to 33 per cent. I am not against laying down that this proportion should be inserted in Government securities within one year but so far as the balance is concerned, I would say this, let a list of approved securities be made and let it not be confined to Government securities and Corporation securities. Let the list be prepared by the Superintendent of Insurance or any other organization because there are companies which are paying a good deal of dividend, some 18 per cent. You can do two things : a good deal of dividend, some 18 per cent. You can do two things : either more time may be given or a list be made and even with regard to the two-thirds you may lay it down as a condition that the two-thirds would also be invested in approved securities or on policies, because after all they are approved securities. One year is quite insufficient. That would not be a good remedy but anyhow that is some remedy if you extend the time and I suggest that some independent authority should go to each Province and make a list of approved securities. There are provincial securities and I think even with regard to the two-thirds of it you can make it a condition that it can be invested in these securities. But if you lay it down that this is to be done within one year and the managing Agents are going to be shot down, then they will make ten lakhs out of this bargain. This should not be allowed at all. Government may send any man to see whether they can control the securities or whether the securities are good. Do not compel any existing company to sell a good security. Of course, if there are doubtful securities, do not have any consideration for them. But, so far as the good securities are concerned, though it may give extra trouble to the Government, but this must be done. Otherwise you will find that even good companies are failing. This is my position with regard to the investment.

Now, with regard to the Managing Agents and their remuneration. Whether you continue them for five years or ten years, that does not matter and as I have pointed out to Honourable Members, in no case the remuneration should exceed Rs. 1,000. People come to us and say : ' What has happened to you, the Congress people. You want money to be invested in Government securities and you want to reduce salaries. What has happened to you '. We can see the greed in their eyes and patriotism on their lips. We are not going to listen to them but what we

[Mr. Sham Lal.]

want is this. This is our position which you should accept and this should apply not only to the Indian companies but also to foreign companies. We do not want any other safeguards. If they are really serious and earnest about the insurance business in India, let them accept the position which Indians are accepting. No undue favour can be shown to them. They cannot be heard to say : " Our standard of life is high and we are coming from England ". If you were to plant a Kashmir plant in the Rohtak district which is a dry one, should it be allowed to take the whole well water and we should go thirsty. If you want to remain here, you should share our profits as well as our losses. If you want to come to a poor country, you have no right to draw higher salaries. That is the best safeguard and not the safeguard of getting re-insurance from them. That would only help the companies. What we want is that this should apply to non-Indian companies also.

With regard to the licensing of agents, I want to deal with the limitation of the commission. The fixing of the limitation in the original Bill was, in my opinion, quite sound and I am in favour of fixing a limitation on commission. What I want is that it should be 40 per cent. as originally proposed in the Bill but in the case of new companies, which are of less than ten years standing, it may be 50 per cent. Now, what we find is this. If there is no limitation, Indian companies cannot compete. Now, Indian companies pay on general business 47½ per cent. as commission while they are obliged to give re-insurance business to the foreign companies and they get only 40 per cent. If you examine the speech of the Chairman of the Prudential Insurance Company dated the 14th and 21st March you will find that they sold their capital and raised ten lakhs and the arrangement was that this money was to be used for insurance work in India. I have got the speech and I need not read it but I can tell you that the foreigners think that this is a safe country which they can exploit. Therefore, I think that the commission should be limited. With regard to the licensing of agents, I think that the agents should be licensed and nobody else should be allowed to work. I may also submit that the directors, the Managing Agents or any office-holder should not be allowed to get commission. There should be no exception in their case except in the case of District agents or the Chief agents who have to maintain office. You may give them 20 per cent. more. But so far as the directors, the Managing Agents or the managers are concerned, they should not be allowed to loot in this way.

Now, Sir, I do not want to deal with other points as I have taken sufficiently long time. I support the motion for the consideration and I hope that the several points that I have placed before the House will receive due consideration.

Mr. S. C. Sen (Government of India : Nominated Official) : Sir, on this occasion it is not usual to refer to the minor details of the Bill, and I will try, with the leave of the House, to address myself to the general aspects and the main provisions of the Bill. Sir, it is quite clear from the discussions which have preceded that there is a singular unanimity in one respect, namely, that in whatever shape or form this Bill emerges from this House, it is a welcome measure, a measure which is desirable in the interests of the policyholders and of the country in

general. The Bill has been presented before the House from various aspects by the various speakers who have preceded me. But, with your leave, I desire to present it from another aspect. It is a measure which deals with all kinds of insurance. The business of insurance involves the taking of risks and indemnifying the insured against the same. This is in general, if I may be pardoned for saying so, the main theme of insurance. Bearing this in mind, may I ask the House just to visualise what an ideal insurance company should be. An ideal insurance company should be one which starts with a sufficient financial backing, from which, during the early days of its activities, it may pay out the expenses. It is one which carries on sound schemes of insurance. It is one which should always have at its disposal funds from which claims can be met and those funds should be invested in such a way as to be available at the earliest possible opportunity. These, according to my humble submission, are the characteristics of what I call an ideal company, and I submit that any legislation which tries to bring about this state of affairs in the insurance companies ought to be welcome. That is the line which the legislation should take and it is from that angle of vision that I would like, with your leave, to place the Bill before the House.

Mr. B. Das (Orissa Division : Non-Muhammadan) : Give us some illustration of an ideal company working in India.

The Honourable Sir Nripendra Sircar : They do not exist.

Mr. S. C. Sen : That is why the legislation is called for. If they were there, legislation would be unnecessary.

Sir, pursuing now the points which I humbly seek to make before this House, may I take the first point, namely, what is the first necessity of an insurance company, ideal in the sense in which I have said. According to my view, in order to enable an insurance company to meet its expenses during the first few years of its existence, it is essential and necessary that it should come into the field with a definite amount of working capital or financial backing, call it by whatever name you like. Let us see what the provisions in the present Act are and whether that is sufficient to bring this state of things. Sir, insurance companies under the present Act are divided into two groups. As Honourable Members have found the Act which deals with life insurance companies is the Act of 1912. To some extent non-life companies are dealt with by the Act of 1928. Sir, under the provisions of the existing Act any man who wants to start a life insurance business has got to get together funds sufficient to enable him to get Government promissory notes of the face value of Rs. 25,000. Sir, it is well-known to Honourable Members of this House that during recent years, the price of Government securities went down to about Rs. 53 for Rs. 100 worth of promissory note.

Pandit Lakshmi Kanta Maitra (Presidency Division : Non-Muhammadan Rural) : Even to Rs. 47.

Mr. S. C. Sen : Yes, even to Rs. 47 and the result was that people who could get together barely Rs. 15,000 could start a life insurance company. The law does not require them to have any working capital, not a copper pice. That is what happened with a majority of what I may call the young companies, they started with inadequate capital.

[31st Aug. 1937.]

[Mr. S. C. Sen.]

Sir, the result was this. They came into existence, they issued advertisements, employed agents to procure business and then when it came to paying the expenses, where were they to be paid from? They were paid not from any outside sources, but from the premium income (Hear, hear) and the result was the life insurance fund which, under the existing law, means the excess of receipts over disbursements came to a figure which would be negative in some cases. Sir, I have with me, by the courtesy of some of the gentlemen who have flooded us with literature, a list of some of the so-called young companies and I find, that in some cases their expenses have gone up to 136 per cent., 156 per cent., 300 per cent., 173 per cent., 112 per cent. and 104 per cent. Sir, I ask Honourable Members of this House to visualise the position of that unfortunate class of people called the policyholders. (Hear, hear.) What have they to fall back upon? On the life fund which was a negative quantity.

An Honourable Member : May we know how many companies are concerned?

Mr. S. C. Sen : It would not be right and proper to give the names of the companies, but the number is about 15.

Mr. Sri Prakasa (Allahabad and Jhansi Divisions : Non-Muhammadan Rural) : Have you verified them?

Mr. S. C. Sen : I have no reasons to believe that the figures are wrong. Sir, that is the state of things permissible under the present law. You can start a life insurance company with no working capital. You can go on spending anything you like from your premium income. You may not have any life fund.

Pandit Lakshmi Kanta Maitra : If there is a rich Managing Agent?

Mr. S. C. Sen : I am ignoring for the time being the Managing Agent. That is the position in the case of life insurance companies. But in the case of non-life companies, fire, marine, etc., the position is still worse. They have not got even to deposit anything. They can start off today without any deposits, without any working capital and they can go on merrily.

Mr. S. Satyamurti : With cut-throat rates.

Mr. S. C. Sen : I refrain from saying things which do not come exactly within the purview of what I am addressing now myself.

Mr. Sri Prakasa : What about the Government's low credit?

Mr. S. C. Sen : Government's low credit has as much to do with this question as the man in the moon has with my friend.

Mr. Sri Prakasa : Not at all.

Mr. S. C. Sen : Therefore, it is incumbent in the interests of the policyholders that this system which permits of insurance companies being started with such deplorable finances ought to be changed. In the Bill Honourable Members will find that attempts have been made to make good, to some extent at least, this deficiency. Sir, I have been told that provisions as regards the working capital and as regards the initial

deposits are very hard and they are going to kill the infant companies. Sir, may I tell the House that the sum of Rs. 50,000 which has been fixed as the working capital represents very moderately the expenses which an infant company, which is likely to get on, is likely to incur in the shape of expenses during the first ten years of its existence. There is no justification why such a company should feed upon the premium income and the premium income alone (Hear, hear), why should it not have financial backing which should go to contribute to the expenses if it wants to stand upon its own legs? Therefore, my submission to this House is, that in the assessment of the figure of Rs. 50,000 as working capital, if we have erred, we have erred on the side of leniency and not on the side of stringency. (Hear, hear.) As regards the initial deposit may I remind the House that when the original Act of 1912 was enacted, all the commercial opinion was unanimous that the deposit should not be less than one lakh. The Act of 1925 provided for an initial deposit of one lakh and I have before me an analysis of the opinions which were received and with the exception of four, all other commercial bodies in the country supported this proposition, namely, that one lakh of rupees should be the initial deposit. Sir, there is good reason for enhancing this deposit and that is this. As I have purported to show, during the first few years of the existence of a new life insurance company the life fund is practically negligible. There is nothing by way of security for the policyholders.

Bhai Parma Nand : One-third of the premium they have to deposit.

Mr. S. C. Sen : If there is any surplus.

Bhai Parma Nand : Premium ; not surplus ; one-third premium

Mr. S. C. Sen : That is after Rs. 25,000 is deposited. If I may be pardoned, the existing Act does not say the gross premium income, it says the income derived from the life insurance business and the income will be what would be left after setting out the expenditure.

Mr. M. S. Aney (Berar : Non-Muhammadan) : What is the actual practice?

Mr. S. C. Sen : The actual practice, as I was saying, is, namely, you have first of all to submit your revenue account in which you show your income after expenditure.

The Honourable Sir Nripendra Sircar : Sir, may I give the information to my Honourable friend, Mr. Aney? I have not got the circular with me,—I can bring it when I reply,—the circular of the Commerce Department saying that a large number of companies, for very many years, in spite of Managing Agents, have deposited nothing. I will give that information when my time comes for a reply.

Mr. Bhulabhai J. Desai (Bombay Northern Division : Non-Muhammadan Rural) : Are not more than 30 companies in arrears?

Mr. S. C. Sen : I was going to refer to that within a minute, because I was going to say.....

Bhai Parma Nand : Government have got power to enforce the law that they have already got. Why did they not do it?

Mr. S. C. Sen : The exercise of the power would have the same effect which the Honourable Member dreads, namely, killing the precocious infants. The Government's leniency is due to the fact that every insurance company wound up means hundreds and thousands of policyholders who are driven to the wall, whose life's savings are lost and who are to be told that they are to get nothing as the company is insolvent.

Bhai Parma Nand : Has there been any case like that ?

Mr. Deputy President (Mr. Akhil Chandra Datta) : I think the Honourable Member should be allowed to proceed uninterrupted.

Mr. S. C. Sen : If my Honourable friend will be patient for five minutes, I will give him some cases which have actually occurred during the last two years.

Coming to the question as to whether the present system has worked satisfactorily or not, as my Honourable friend, the Leader of the Opposition just said, at the present moment there are more than 30 companies who are in default, hopelessly in default, without any chance of retrieving, and the only thing which Government can do is to apply under section 22 to have them wound up. If Government have not done it, it is only out of humanitarian ideas. It is because it would mean driving very many thousands of policyholders to the wall. But things have not been too easy to manage. Government had to apply for the winding up of two companies. The Angel Insurance Company of Delhi,—angels who went to another place (Laughter).—had to be wound up during 1936, and the actual state of affairs was, that within a few years of its starting, the deficit in the life fund was the modest sum of one lakh and 99 thousand.

Mr. Sri Prakasa : What is the deficit in Government budgets ? (Laughter.)

Mr. S. C. Sen : If that is the argument as to why every other person should be allowed to become bankrupt, I yield to my Honourable friend's logic. (Laughter.)

Sir, there was another company which went into liquidation in Calcutta, the Great Indian. In the first company which I have mentioned, five hundred policyholders got nothing, and in the second case it was worse. The deficit came to about two lakhs and fifteen hundred policyholders have been left in the lurch. There is another company which is under notice. I will not give the name but I can tell my Honourable friends that 2,500 policyholders are going to be in the same straits.

Bhai Parma Nand : There are very many people in Bombay who get insolvent after taking away and losing crores of the people's money.

Mr. S. C. Sen : I would ask my Honourable friend, Bhai Parma Nand, to say, whether he suggests that the company should be allowed to be wound up and then allowed to work again.

Bhai Parma Nand : I want that the Government should not be humanitarian, but should strictly enforce the law. The Angel man had been arrested, but the Government could not get him convicted. Again he is arrested. I do not know whether the law is in the wrong or whether the man is wrong. (Laughter.)

Mr. S. C. Sen : Turning now to the question of deposits, I have attempted to give some idea as to why, in my humble submission, the amount of initial deposit should be increased. When we say we have increased it, the original measure in the Bill was rupees one lakh, as Honourable Members will find. But in the Select Committee this figure has been cut down to Rs. 50,000. And, in order that there may not be any difficulties, so far as the young companies are concerned, the Select Committee has given them six further years' time, and even now they are not satisfied. They want it to be ten years, but the truth is, as Bhai Parma Nand said, that in some cases even if you give them 20 years that will not suffice. Therefore, in my submission, Sir, so far as life insurance companies are concerned, I do not think the Bill contains provisions which can at all be characterised as hard or intended to kill the companies. I quite appreciate that it ought to be the desire of every one of us, in this House, to see indigenous companies prosper, and I say that I yield to none in my desire to see the companies of my country prosper on a sound financial footing. I do not want a large number of companies eking out a miserable existence. Even if some are wiped out, which I will deplore, I would prefer fewer companies with solid financial foundations to prosper than to have a lot of mushroom growth.

The next thing, according to my views of an ideal insurance company, is that, it should have at its disposal funds from which to pay its liabilities, because after all an insurance company has not merely to receive the premium and to spend it by way of expenses ; it must make provisions for payment to its policyholders. Under the present law it is the life fund out of which it is to be paid. I am quite prepared to agree that in well organised and well established companies the life fund often exceeds what we call the reserve for the liabilities. But, Sir, legislation cannot discriminate between the good and the evil. If we want certain provisions to be made to check the evils, we ought to be sure that we do not hurt the good ones by it. May I, from this point of view, draw the attention of Honourable Members to the principle underlying clause 26 ? I will not now deal with the exact wording of the clause because, from both sides of the House, it is apparent that that will have to be modified. The underlying principle of clause 26 is that every company should maintain in India at least a reserve necessary for payment to its policyholders. Without that how will it be possible for the policyholders to have any safety ? To which fund are they to look ? To the life fund which in particular cases is nil ? May I remind Honourable Members that if a provision like this were in the old Act, that would have avoided many of the failures which we are now faced with ? Would not these companies have to maintain at least such sum as would be necessary to pay the policyholders ? Therefore, I submit, that so far as the principle is concerned, no objection can be taken to that. The question is how that principle is to be applied in the case of the Indian companies, the United Kingdom com-

[Mr. S. C. Sen.]

panies and the foreign companies. That is a matter which will have to be threshed out on the floor of the House. But I am now only addressing myself to the underlying principle and I say, in answer to those who say that that section ought to be deleted, that there is absolutely no justification for the same. It is an essential provision for the safety of the policyholders and it is the interest of policyholders and policyholders alone that we should, in the first instance, direct our attention to. Sir, the questions as to where it is to be kept and how it is to be kept are matters of detail, and I agree that those questions will have to be gone into very carefully. The question as to how it should be kept is interlinked with what I may call the last point, namely, that an Insurance Company should have its assets invested in such a way that in case of necessity they should be easily available....

Mr. Bhulabhai J. Desai : Proportion ?

Mr. S. C. Sen : I have deliberately kept out the question of proportion. But what I do point out is this that it is an essential element of insurance business that the investments should be kept in sufficient proportion in any event in what I call the guilt edged securities which can be available readily....

Mr. Sri Prakasa : They go down every day.

The Honourable Sir Nripendra Sircar : They also go up the next day.

Mr. S. C. Sen : Sir, in this connection I shall have to refer to certain remarks which fell from the Honourable the Deputy President yesterday. It is rather embarrassing that he is now in the Chair.

Some Honourable Members : No, no, go on, go on.

Mr. S. C. Sen : The Honourable the Deputy President made a point yesterday that the imposition of section 26 was unwarranted....

Mr. Deputy President [(Mr. Akhil Chandra Datta) speaking from the Chair] : It is rather delicate for me to contradict from the Chair, but I never said anything of the sort.

Mr. S. C. Sen : The Honourable the Deputy President said that although the author of the Report has prefaced it by saying that he was not following the Canadian principle, he had in fact followed the Canadian principle in the making of compulsory investment in guilt edged security. Sir, he made a point that the Canadian principle was sought to be introduced in 1912 and it was rejected by the public and the Government. He said it was again sought to be introduced in 1925, and it was rejected by the Government as well as the public....

Mr. Bhulabhai J. Desai : It was not.

Mr. S. C. Sen : The stage of rejection in 1925 was never reached, but the opinions were there. Sir, in 1912, may I read out from the proceedings what then happened ? Sir, far from the public rejecting the proposal for the investments of life funds in Government securities and trust securities, Mr. R. N. Mudholkar who was at that time one of

the leaders of public opinion, with the concurrence of the other Indian Members, moved an amendment which ran in this language, and I should like to read it :

"That the life insurance fund of every Life Insurance Company shall be invested in one or more of the securities mentioned in (a), (b), (c) and (d) in section 20 of the Indian Trusts Act."

Pandit Lakshmi Kanta Maitra : When was that ?

Mr. S. C. Sen : That was in 1912.

Mr. S. Satyamurti : The Government opposed it !

Mr. S. C. Sen : The Government opposed it, but the tables are now turned. The Government wants it, but some of the non-official Members want to reject it. Now, Sir, the ground upon which the Government rejected it was not because it was of opinion that it was a vicious principle, but it was because,—I shall read, Sir, only a portion of the speech of the Government Member in charge to show the grounds on which it was rejected....

Mr. S. Satyamurti : Who was he ?

Mr. S. C. Sen : The Honourable Mr. Clarke. This is what he said then : "The difficulty which Government feel in the matter is that they have not at present sufficient data to justify this proposal". That is all. They did not condemn the principle, they did not say that the Canadian Act was vicious, but they said that they had not sufficient data to justify the imposition of such a proposal.

Mr. S. Satyamurti : They were ill-informed as usual !

Mr. S. C. Sen : In 1925, it is quite true that the Bill did not contain any such proposal, but I can assure my friends that the Government had this matter in view, because in the letters which were sent out, one of the pertinent questions which the Government asked was whether they desired that the Life Insurance Funds should be invested in trust securities. But, unfortunately, Sir, that Bill did not come to the stage of a discussion in the House.

Mr. B. Das : Government wanted these securities to increase credit ; their stock of gold was being wiped out.

Mr. S. C. Sen : I am not a financial expert, and I would rather not speak on the gold aspect.

Sir, it cannot be doubted that it is one of the essential elements in insurance business that its assets, or at least a sufficient portion of the assets, should be invested in guilt edged securities, so as to be quickly available in case of need. Therefore, Sir, those who ask that no provision for any kind should be made have absolutely no legs to stand on....

Mr. Sri Prakasa : Two ! (Laughter.)

Mr. S. C. Sen : Then, Sir, from a long time feeling has been strong that foreign companies should be made to keep their assets in India. If you follow the English principle, if you discard the Canadian principle as vicious, where can you find a provision by which foreign companies can be made to keep their assets in India ? There is no control over any foreign companies. As a matter of fact, if Honourable Members will pay a little attention to the figures in the Report, they will find that, at

[Mr. S. C. Sen.]

least in the case of some foreign companies, the premium income and the total Indian investments stand a very bad comparison. My submission is this. As I have said, the principle underlying section 26 is very salutary and cannot be objected to. The details can be worked out to suit the convenience of all parties concerned, and as the Honourable the Leader of the House has said, he welcomes suggestions which are reasonable and feasible in this matter.

Then, Sir, with regard to the question as to whether the Government control has been unduly increased in the Bill, may I say a few words? In the Act of 1912, the only control which Government had was under section 37 by which in certain circumstances the Government could apply to wind up a company. In 1925, the Government realised the inadequacy of the powers which they had, and in the Bill of 1925 they incorporated three sections 30, 31 and 32, and perhaps I should read these sections, though I do not think that it is necessary to go into that question at length

Some Honourable Members : Go on, go on.

Mr. Sri Prakasa : In 1957 the Government will be wound up.

The Honourable Sir Nripendra Sircar : I hope then my Honourable friend won't be there.

Mr. Sri Prakasa : Why not? It is only twenty years!

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

Mr. S. C. Sen : By section 30, the Government gave powers to call for better information in the case of defective returns and statements. By section 31 the Government provided for the appointment of an Inspector, when a further statement required was not furnished, or when, according to the Governor General in Council, such return or further statement disclosed an unsatisfactory state of affairs or such further statement was insufficient. And lastly, under section 32 the Governor General in Council proposed to reserve to himself the power to appoint an actuary for the examination of the affairs of the company which he had reasons to believe were not being carried out properly. Stopping there for one minute, may I ask Honourable Members of this House to compare the provisions which we have made in this Bill with those which were proposed in 1925. I have no doubt that my Honourable Colleagues here will find that in substance we have only amplified those powers. We have not introduced anything new, anything so monstrous that we should be called to account for the same. Then as to the Superintendent. What I feel is this. In the Bill we are making provisions for various things to be done by the companies. As a corollary to that, there must be power given to somebody to see that they are carried out. As a further corollary, there must be some penalty, some way of enforcing those provisions. Without that, it will be absolutely meaningless. Under the present system the Government have no officer who is a whole-time officer and who may look into these matters which will require minute attention, and it is for that reason that the provisions regarding the Superintendent and his powers have been made. But I can point out that almost in every case, before the Superintendent is allowed to take action, the Select Committee has provided that the company is to be given a hearing.....

An Honourable Member : By whom?

Mr. S. C. Sen : given a hearing before the Superintendent in order to enable the company to point out if the information available to the Superintendent is wrong or not, whether there is any explanation for the same and so on. After all, my Honourable friend, Mr. Husenbhai Laljee, would not make us believe that a responsible officer like the Superintendent would always go wrong.

Mr. M. A. Jinnah (Bombay City : Muhammadan Urban) : What will be his qualifications?

Mr. S. C. Sen : As regards qualifications it is not easy to determine them, but that question I think will have to be debated in this House.

Mr. M. A. Jinnah : What are the views of the Government?

The Honourable Sir Nripendra Sircar : When the matter was before the Select Committee, a suggestion was made that he must have the qualifications of an actuary. I opposed it then.—I hope I am not committing a breach of privilege by disclosing the proceedings of the Committee—because I was under the impression that the Government Actuary—and we have one—would continue and I thought we need not have two actuaries. I now understand that if insurance work is transferred from this Actuary there will be no justification for keeping him as a full-time servant, and the view of the Government at the present moment is—and I think if no one else will do it, I shall move an amendment—that the Superintendent should be an actuary.

Mr. S. Satyamurti : He will be an Indian actuary?

The Honourable Sir Nripendra Sircar : Don't you say that, because you may not be able to name one.

Mr. S. Satyamurti : I do not want to name anybody, but I want him to be an Indian.

Dr. G. V. Deshmukh (Bombay City : Non-Muhammadan Urban) : Why don't you have an I. M. S. officer? They seem to know everything under the sun.

Another Honourable Member : Why not a lawyer?

The Honourable Sir Nripendra Sircar : I do not want an I. M. S. man, or any doctor, because I do not want these companies to be killed. (Laughter.)

Mr. S. C. Sen : I will now shortly deal with the other welcome features in the Bill. Many of them have been accepted on the floor of the House and I will only shortly recapitulate them before I come to the end of what I have got to say. In the Bill we have got, for the first time, the powers of nomination. We have introduced provisions for the assignment of policies, a question which was much agitated in the construction of section 130 of the Transfer of Property Act. We have provided for provisions to pay monies into Court in the case of disputed claims. We have also provided a scheme for prohibition of rebates and we have penalised the receiver and the giver of the rebate. The question of licensing of agents has also been taken up for the first time. I will shortly deal with some of the objections which have been raised in this House against that proposal. It has been suggested that that will shut

[Mr. S. C. Sen.]

out part-time workers, but if Honourable Members will look at the wording of the clause, it does not say that an agent should be a whole-time servant or a part-time worker. All that the provision is intended to do is to have the names of those persons who will be employed in the canvassing of business registered and to have some hold upon them so that, in case they are found to have been guilty of fraud, criminal misappropriation or other offence, they will be prevented from carrying on their nefarious practice. This will lead to the prevention of abuse by canvassers or agents. I now come to the Provident Insurance Societies, and there has been a radical change there. We have introduced the system of actuarial valuation, the actuarial certifying of schemes, the keeping of deposits and the restriction on investments. As Honourable Members are aware, Provident Societies grew in hundreds during the last few years, and they have been working havoc, if I may be pardoned for using that language, among the innocent people who fall a victim to their schemes. Most of them have been carrying on what is called the dividing scheme, a scheme which has been condemned in no uncertain language by all actuaries.

Pandit Lakshmi Kanta Maitra : What is the percentage of failures of these concerns ?

Mr. S. C. Sen : It will take a long time, but I will give my friend data from which he can find out. Next, Sir, we have provided for Mutual and Co-operative Societies in Part IV of the Bill while in Part V we have introduced penal provisions which were essentially necessary for keeping intact the funds of insurance companies and preventing misappropriations thereof. As to foreign companies, I do not think it is necessary for me to go into details. The main features my Honourable friends have already seen in the Bill. All I can say is that on a comparison between the existing state of things and the state of things which will come into existence after the Act comes into force, my Honourable friends will agree that the improvement that has been made is something phenomenal. Sir, I have no time to deal with the other minor aspects of the Bill, but before I resume my seat I would like to make an appeal to my friends opposite and my friends on the right, the European Group. To my friends opposite I earnestly appeal not to do anything which, without doing the corresponding amount of good, is likely to bring the Bill into danger. I appeal to them to take a broad view of facts, to take a retrospect and to ponder as to whether in their view we have not made sufficient advances in the matter of legislation. To my friends on the right, who, I think, and rightly too, are mainly interested in the United Kingdom companies and the foreign companies.

I have to point out that as to United Kingdom companies we have in this Bill treated them as Indian companies, which they are deemed to be under the Government of India Act. As regards foreign companies who are likely to be affected, if I may be pardoned for saying so, we have in the Bill followed the principle 'Do unto others what they have done unto you'. Sir, may I remind them that if the law of the countries of origin of those foreign companies is examined, my Honourable friends will find that we have done nothing which they have not done ; there is no justification for their not submitting to the same

impositions which they have imposed upon our companies in their country and I appeal to them not to object to the insertion of these provisions. I do not claim that this Bill is perfect and we are always willing to have any reasonable suggestions on the floor of the House to remove defects (if any) which still subsist. I appeal to all sections of the House to show to the outside world, which, in the words of Sir Leslie Hudson, is watching this legislation with interest that when we settle down to work, that we can work and that we can produce legislation which is in no way inferior to that of other countries which we regard as advanced countries. (Applause.)

Maulana Zafar Ali Khan (East Central Punjab : Muhammadan) : Sir, it is refreshing to find that this Bill has revealed to the House that on occasions the Treasury Benches and the Opposition Benches can see with one eye. This is a conspiracy. There was a time when Mahatma Gandhi used to dub the Indian Government as a Satanic Government but I find that today the Congress Benches have not denied the devil the right of quoting scriptures ! This subject of insurance is a dry subject and it is as grim as death. The Honourable Member in charge of the Bill made it very interesting and I was thinking of Milton's *L'allegro* and *Il Penseroso* of the old days. Yesterday, the Honourable the Law Member seemed to invite the House to a dance. He said :

"Come and trip it as you go
On the light fantastic toe."

Well, there were occasions when he felt grim. For instance, when he talked of the Managing Agents, he was seized with a desire to kill them. It was homicidal mania and if it had been culpable homicide amounting to murder I should have been very much pleased because the Managing Agents have been denying the policyholders and the shareholders the financial reward that they should reap out of this venture. They have been getting their millions and nobody has said 'Nay' to them. The time has come when they should be asked to go and go for ever on a long holiday. I am a Mussalman and I am not supposed to know anything about the secrets of insurance because a large number of Mussalmans in this country look upon insurance as a legalised form of gambling. Only quite recently, however, a number of eminent theologians pointed out that it was not gambling but a very wise provision against the rainy day and that the Mussalmans ought to invest their money in this useful venture. So they are coming round by and by and at least one Mussalman insurance company has been started and I think that a number of other companies will come into the field. We agree with most of the broad principles of this Bill and with the amendments that are coming on, we think it will be a useful measure and will redound to the wisdom of those who drafted it and redound to the qualities of head of those who have opposed it sympathetically. The speeches so far made have protected the interests of the policyholders and the interests of the shareholders but very few have spoken anything about that poor section of clerks and employees who are a part and parcel of the insurance system but who are suffering, only Mr. Sham Lal said something in their favour. Others were silent and I think it is my duty to appeal to the Honourable the Law Member not to ignore them, because their position demands sympathy. Had it not been for these insurance companies' employees who work from morn-

[Maulana Zafar Ali Khan.]

ing till night and in their effort to please their employers get consumptive, without any prospect of promotion or of being looked upon as human beings, the insurance companies could not get on. Their lot is very hard and I think something can be done for them. There are private mining companies and the Government can make laws and constitutionally and legally compel the proprietors of those mines to fix hours of labour for them, have cottage built for them according to a definite plan and to look after their comforts. There is no reason why Government should not call upon the proprietors or managers of the insurance companies to see to it that the clerks and their employees and their menials are treated like human beings.

I have heard an eloquent speech from the Honourable Member, Mr. Sen, as to what an ideal insurance company should be. He left out one very prominent aspect of what a really ideal insurance company ought to be. That was the human element in it. Certainly a new company should have the financial backing and I should not object to the amount of deposit required to be paid by it and to be fixed at Rs. 50,000 as Rs. 25,000 would be too small. I admit that. I also admit that a financially ideal company should have reserve funds at its disposal against the time when it should be called upon to pay. All that is very fine. But if the object of an insurance company is to reap profits and nothing else, then it cannot be an ideal insurance company. The ideal will be achieved when that human element comes in, and that human element may come only at Doomsday. As human nature is constituted, it is not possible to think of men who would look to the interests of their fellow beings in a sympathetic manner. Money is the first concern. So, I think, something should be done to protect the insurance companies against the onslaught of those who, whatever their financial abilities, whatever their financial capabilities, are not sympathetic towards their underlings, towards those whom they employ. This can be done so far as the employers and the clerks are concerned by providing for them in the statute. Provident funds should be there. There ought to be bonuses and there ought to be rules about their leave. These are three or four points and others might be added. Perhaps it will be possible for me to move an amendment in connection with this particular question. That will come later on.

Another point on which I would like to make a few remarks is the suggestion that insurance companies should be nationalised and should be placed under State-control. I am against this principle. Nationalisation of insurance companies would mean that later on other industries should also be nationalised. Railways should be nationalised, mines should be nationalised, property should be nationalised, land should be nationalised, but, then, that would be introducing the Moscow element in India. It would mean that instead of encouraging thrift, instead of giving the people of India the right of initiative, they should be bound hand and foot and handed over to the tender mercies of the Government for the time being. Whatever the nature of the Government, whether it is an indigenous government or a foreign government, it would take away the initiative from the people and would deprive them to act according to their brain power and according to their capacity. That would be a great misfortune. We must encourage thrift and we must give the people of India the right of initiative and we must not make them indolent, idle

and inactive drones living a lazy life without any inclination to rise to the full height of their stature. So, this nationalisation does not appeal to me. These companies are, after all, private companies and the Government only wants to provide against the harm that designing and crafty persons many do it. Such restrictions as are imposed upon them by official pressure would be legally welcome. But there ought to be as little interference as possible and we should see that the right of acting within their sphere, within their zone of action should not be denied them. There may be Superintendents and there may be Actuaries. The Superintendent should be given the right of checking the accounts, paying surprise visits and seeing to it that nothing untoward is going on there. With these checks imposed upon the activities of insurance companies, I think there will be very little harm. So far as the big companies are concerned, they can take care of themselves. But those which are young companies though they have got, as the Honourable the Law Member said, Stentorian lungs, must be protected and given a chance of eking out their bare existence. A deposit of Rs. 50,000 by them may perhaps be too large an amount. If in the case of the smaller companies the amount of deposit is fixed at Rs. 25,000, that would be doing a great service to them. That may be an invidious distinction in their favour but this distinction would ultimately be found to be useful. These are about all the points on which I have deemed it necessary to give expression to my views.

Dr. P. N. Banerjee (Calcutta Suburbs : Non-Muhammadan Urban) : Sir, rising to support the motion for the consideration of the Bill, I desire at the outset to observe that I have full sympathy with the main object of the measure. This main object, I understand, is to place insurance business in India on a safe, sound and satisfactory footing. Many of the provisions contained in the Bill are designed to secure this object, but I am afraid there are some provisions which are likely to frustrate the aim. The Select Committee to which this Bill was referred worked hard in dealing with it and introduced several improvements in the Bill. But, I am sorry to say that their success was not as great as was expected and that, in some cases, their recommendations have been of a reactionary character. That the handling of the Bill by the Select Committee was not quite satisfactory is proved by the fact that every single Honourable Member of the Committee appended a note of dissent. I do not however blame the Honourable Members of the Select Committee for this, for the real reason is to be found in the fact that the subject is a very complex one and that the complexity is greatly augmented by clashes of interest.

Sir, in 1905, there were very few Indian insurance companies in India. But the Swadeshi movement which was started in that year gave a great impetus to the growth of Indian insurance business. Since then insurance business in the hands of Indians has made very great progress. In 1935, of the total new business transacted in India, 73 per cent. was done by Indian and only 27 per cent. by non-Indian companies. The well-known journal, *Capital*, in a recent issue wrote : " The fact is that Indian companies are going rapidly ahead in the affections of the public and they show far more progress than non-Indian companies ". What is the reason which accounts for this state of things ? Why have Indian companies been able to secure the affections of the public ? The reason is to be found in the fact that Indians think that

[Dr. P. N. Banerjee.]

there is safety in insuring with Indian companies and they feel that Indian companies deserve well of the people of India. As a matter of fact, we find, that the Indian companies have rendered very useful service not only to the policyholders but to the country generally. They have afforded relief to hundreds of thousands of families in times of dire distress and they have also helped to some extent the industrial development of the country. As for management, it is true, that there have been some cases of fraud and incompetence, but taken as a whole the Indian insurance business has been conducted with a fair amount of ability and a considerable measure of honesty and integrity.

Sir, if this be the situation, it may be asked, what is the necessity for a new Bill? I do not agree with those who hold the view that the present Bill is wholly unnecessary. I think it is necessary and it is necessary for several reasons. In the first place, there are many defects in the existing insurance system of the country and these defects have to be remedied. There are also some undesirable features in the law and practice in vogue at the present moment and these should be removed. But the main ground on which I base my support of the present measure is that I am not satisfied with the achievements we have so far made in the direction of securing the whole of the insurance industry in our own hands. We must not rest on our oars, we must see to it that we are able to make an even more rapid progress in future. Sir, it is known to Honourable Members of this House that only in one branch of insurance substantial progress has been made, but in some other branches the progress has not been as great as it ought to have been. Further, we must remember the fact that the number of insured persons in India, at the present moment, compared with the population, is very small. In the United States of America, two persons out of every three are insured, whereas in India, at the present moment, only one out of every 400 persons is insured. So, what is needed now is to encourage the insuring habit and to make the people of India more insurance-minded. How can this object be achieved? This object can be achieved in two ways, first, by securing a greater sense of responsibility in the managers of insurance companies and secondly, by creating a greater confidence in the minds of the public. These two objects can be gained if we deal with this present Bill in the proper manner. This Bill tells the public of India that the arm of the law is long enough to reach the delinquent. It also tells the public that Indian insurance business will be helped and guided by the executive officers. Further, in order that insurance business in India should be placed on a firm footing it is of the greatest importance that people should take an active interest in this business, and for that purpose a full measure of publicity is guaranteed. Sir, if it is necessary to have a new Bill, what should be the main principles which should guide us in dealing with it? It is agreed on all hands that our first duty is to look to the interests of the policyholders; but we have another duty which is almost as important as the first, and that is to encourage indigenous enterprise. When I speak of encouragement being given to indigenous enterprise, I have in mind not merely the big companies—I will not use the alliterative phrase of the Honourable the Leader of the House because I do not wish to give offence to any one,—but also the small ones. In fact, if anybody requires protection it is the small company.

THE INSURANCE BILL.

909

Mr. S. Satyamurti : No, the policyholder. He is first and last ; nobody else.

Dr. P. N. Banerjee : Excuse me ; I mentioned that our first duty is to protect the interests of the policyholder.

Mr. S. Satyamurti : And the last duty also.

Dr. P. N. Banerjee : I am surprised to hear from a Congressman that he is not prepared to encourage indigenous enterprise.

Mr. S. Satyamurti : I did not say that.

Dr. P. N. Banerjee : Sir, India is a country of small men. (*Several Honourable Members :* "No, big men", "What about Mahatma Gandhi and others?") I am not using the term "small men" in the moral, or the intellectual or the spiritual sense but I am using it in the economic sense. We are dealing with an economic question here. India is a country of small men, and it is the small men who require our protection. The Congress has always stood for the small industries of India and I do not see why we should not stand for the small companies who do insurance business. Sir, the Congress has adopted the *charkha* as the emblem on its flag, and so long as the *charkha* stands on the flag it is not open to any Congressman to say that he will not support the claims of the small businessmen.

Sir, I spoke about encouragement being given to indigenous enterprise, but in what shape shall we give encouragement? By removing the difficulties which stand in their way. And the present Bill contains some provisions which are likely to hamper and impede the growth of indigenous enterprise. I may refer in this connection to the provisions relating to deposits. I have no objection to the principle of exacting deposits. My Honourable friend, Mr. Sen, when he spoke a few minutes ago, seemed to be under the impression that there is a desire on the part of this House or on the part of a section of this House to do away with deposits. I do not think that is a correct impression. But when he discussed the purpose of the deposit I think he went a little too far. I hold in my hand a copy of the Clauson Report and this report says :

"The primary purpose served by exacting a deposit is to discourage unsubstantial and purely speculative concerns from undertaking insurance business. It is not, in the opinion of the Committee, primarily to the deposit that a policyholder should look for security..... The best protection for the policyholder is to be found in the publicity as to the insuring company's position resulting from the necessity of making a statutory return."

However, that is a small inaccuracy which may be condoned. (Laughter.)

Mr. S. C. Sen : My Honourable friend has misunderstood me.

Dr. P. N. Banerjee : The next point relates to the question of investments. Here, again, we are of the opinion that investments should be in proper securities; but as to the different proportions in which assets should be held in different forms of securities, our opinions differ. We do not think that we want that full freedom should be given to the companies to invest their monies as they consider fit. We want certain restrictions to be put, but when we come to the amendments we shall decide as to what are the proper forms in which the securities should be held.

[Dr. P. N. Banerjee.]

On the question of licensing of agents my friend thought that it was not right and I must admit that there is a great deal of force in his argument. But there is another side to that shield, and I believe that the licensing of agents will drive many able persons who now act as canvassers out of the field of insurance, and this will be prejudicial to the interests of insurance companies, specially the smaller ones. I am glad to find that in some of these respects some concessions have been made by the Select Committee, but I hope and trust that further concessions will be made in the interests of the smaller companies. I am glad to find that the Honourable the Law Member is in full sympathy with the smaller companies, and I hope my Honourable friend, Mr. Sen, will take up the same attitude.

Sir, there is one more important point with which I shall deal. But before I pass on to this question I desire to invite the special attention of the Honourable the Law Member and Mr. Sen to the provisions which have been laid down for the mutual insurance companies and co-operative insurance societies. They have been asked to deposit Rs. 50,000; but we should draw a distinction between these bodies and the ordinary insurance companies, because they have no share capital and the question of making profits does not arise in their case. They cannot be charged with exploiting the public, because they do not derive the funds from the general public.

Sir, dealing with the question of profits, I should like to say that
5 P.M. this Bill does not contain any provision limiting the amount of profits made by insurance companies, and I hope it is not too late to insert such a provision. Those who derive profit must be put under some amount of restriction.

Sir, I now come to the question of supervision and control.....

Mr. President (The Honourable Sir Abdur Rahim) : I do not know if the Honourable Member wishes to conclude his speech today.

Dr. P. N. Banerjee : No, Sir, I shall take another ten or fifteen minutes.

The Assembly then adjourned till Eleven of the Clock on Wednesday, the 1st September, 1937.

LEGISLATIVE ASSEMBLY.

Wednesday, 1st September, 1937.

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

MEMBER SWORN.

Maulvi Sikandar Ali Choudhury, M.L.A. (Bakarganj cum Faridpur : Muhammadan Rural).

STARRED QUESTIONS AND ANSWERS.

(a) ORAL ANSWERS.

EXCLUSION OF *Koris* FROM THE LIST OF SCHEDULED CASTES FOR THE UNITED PROVINCES.

229. ***Mr. Sri Prakasa** : Will the Honourable the Home Member state :

- (a) whether it is a fact that persons belonging to the caste called *Kori* in the United Provinces of the Agra and Oudh have been included among the scheduled castes except in the divisions of Agra, Meerut and Rohilkhand under the Government of India (Scheduled Castes) Order, 1936 ;
- (b) what is the reason for making distinction among members of the same caste residing in three divisions of the Province on the one hand, and those residing in the rest of the same Province on the other ;
- (c) whether it is a fact that before the said Order *Koris* were not regarded as depressed classes and were not included among them at the last census ; if so, what is the reason that *Koris* residing in particular divisions of the Province have now been included among the scheduled caste ;
- (d) whether it is a fact that mass meetings of *Koris* in the Jhansi Division of the United Provinces have protested against this inclusion and that their representatives have so far approached Government in vain for relief in the matter ; and
- (e) whether Government propose to consider the desirability of taking out the *Koris* from among the scheduled castes throughout the whole of the United Provinces ?

Mr. R. F. Mudie : I am unable to reply to this question which should have been addressed to the Honourable the Leader of the House.

The Honourable Sir Nripendra Sircar : With the introduction of the new Constitution, the question raised by the Honourable Member is the concern of the Government of the United Provinces and not of the Governor General in Council.

Mr. Sri Prakasa : In view of the fact that such lists were made by this Government, what compensation do this Government intend to offer for the wrong which they have done to this important community ?

The Honourable Sir Nripendra Sircar : The doing of any wrong is not admitted and compensation is unthinkable. (Laughter.)

Mr. Sri Prakasa : Is it not a wrong to class certain persons as scheduled which means depressed, when they were not such in fact ?

Mr. N. M. Joshi : What were they ? Oppressed ?

The Honourable Sir Nripendra Sircar : I am not aware of what is the fact,—whether they are depressed or oppressed or elevated. I have no knowledge of it.

Mr. Sri Prakasa : Is it not a fact that the classification in this particular case was made by the Central Government, and is it not further the fact that in some divisions of the province this community was classed as depressed, and in others not, and if so, why was that so ?

The Honourable Sir Nripendra Sircar : The classification was not made by the Government of India.

Mr. Sri Prakasa : Who was responsible for this classification ? Did not the Governor General in Council give instructions to the Provincial Governments regarding the classification ?

The Honourable Sir Nripendra Sircar : The classification was made by His Majesty's Government.

Mr. Sri Prakasa : Was His Majesty in Council advised by the Governor General in Council, that is, the Honourable the Law Member himself ?

The Honourable Sir Nripendra Sircar : I refuse to disclose any communication, if any, which passed between us and His Majesty's Government.

Mr. K. Santhanam : Can the Government of the United Provinces change this classification ?

The Honourable Sir Nripendra Sircar : I ask for notice.

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

Mr. Sri Prakasa : In view of the original reply by the Honourable Member.....

Mr. President (The Honourable Sir Abdur Rahim) : I have called on the next question.

PUNISHMENT TO SOLDIERS WHO PULLED DOWN THE CONGRESS FLAG IN CHARPOLI NEAR POONA.

230. ***Mr. Badri Dutt Pande :** Will the Secretary in charge Defence Department state if any punishment has been meted out to the soldiers who, it is alleged, pulled down the Congress flags in Charpoli 12 miles from Poona ? If so, what was the nature of punishment ?

Mr. C. M. G. Ogilvie : I would refer the Honourable Member to my reply to Mr. Satyamurti's starred question No. 53 of the 24th August, 1937. The information has not yet been received.

Mr. S. Satyamurti : When was the information called for ?

Mr. C. M. G. Ogilvie : Some time previous to the 24th August.

Mr. S. Satyamurti : May I know how much time it takes to get a report, and also why there is this delay in getting information on this subject which is agitating the mind of the country ?

Mr. C. M. G. Ogilvie : I am entirely unable to answer the question. I am not responsible for the speed with which the authorities at Poona reply to letters.

Mr. S. Satyamurti : Will the Honourable Member impress upon the authorities at Poona that they must be a little more quick in answering telegrams and letters from headquarters ?

Mr. C. M. G. Ogilvie : They have received a reminder and if an answer is not received quickly they will receive another.

Mr. S. Satyamurti : Do Government propose to wait till they get a reply, or will they prod them ?

Mr. C. M. G. Ogilvie : I really cannot say any more than what I have said already.

Mr. S. Satyamurti : May I know why the Government are not taking steps to get an answer quickly, at any rate, before the end of the Session ?

Mr. C. M. G. Ogilvie : We are taking such steps as are open to us, and the end of the Session is not yet.

Mr. Sri Prakasa : Will the reminder be sent at the public expense or at the expense of those who did not attend to the communications of the Government ?

Mr. C. M. G. Ogilvie : Public expense.

An Honourable Member : Why ?

INDIANS IN ABYSSINIA.

231. ***Mr. S. Satyamurti :** Will the Honourable Member in charge of External Affairs be pleased to state :

- (a) the latest position with regard to Muhammad Ali & Co., the Indian Firm, doing business in Addis Ababa ;
- (b) whether there are several hundred Indians in Abyssinia, living chiefly in and around the town of Harar ; and
- (c) what the Government of India are considering to do in the matter ?

Lieut.-Colonel A. E. B. Parsons : I have no official information.

The Honourable Sir Nripendra Sircar : He has been employed by the Government of India. He is doing work for the Government of India and there is no reason why he should be paid by the States.

Mr. T. S. Avinashilingam Chettiar : How long will it be necessary to retain his services ?

The Honourable Sir Nripendra Sircar : I have already answered that.

Mr. S. Satyamurti : With reference to clause (a), may I know if this counsel is also advising the Indian States ?

The Honourable Sir Nripendra Sircar : He is not advising the Indian States.

Mr. Sri Prakasa : May I know what the mystic letters M. C. mean ?

An Honourable Member : Military Cross.

Mr. Sri Prakasa : Is he an expert in military matters or in legal matters also ?

The Honourable Sir Nripendra Sircar : A military man may have knowledge of civil law, while a "civil" man may be absolutely ignorant of it.

Mr. S. Satyamurti : Will his advice be accepted by the Government of India or will it be subject to further scrutiny by the Honourable the Law Member or any other legal adviser of the Government of India ?

The Honourable Sir Nripendra Sircar : The Government of India are not bound to accept his advice.

Mr. Lalchand Navalrai : May I know from the Honourable Member if this gentleman is conversant with Indian conditions ?

The Honourable Sir Nripendra Sircar : I do not know if he is conversant with the conditions prevailing in the villages but he knows very well the Government of India Act.

Mr. Lalchand Navalrai : Is that a sufficient qualification for him ?

Mr. President (The Honourable Sir Abdur Rahim) : You cannot have that sort of argument.

Mr. Muhammad Azhar Ali : Why was a junior counsel engaged and not a senior one with better qualifications ?

The Honourable Sir Nripendra Sircar : Mr. Rowlatt is quite competent. The remuneration of a senior man, as you know, often varies in direct proportion to the length of seniority.

CUTTING OF A CANAL THROUGH THE Isthmus OF KRA.

233. ***Mr. Badri Dutt Pande :** (a) Is the Foreign Secretary in a position to state if Japan is entering into an alliance with Siam in cutting a canal through the Isthmus of Kra, which will reduce the sea-route between Japan and India by about six hundred miles, thus avoiding the detour to Singapore ?

(b) Is the Government of India interested in any way in the making of this canal or is it opposed to it ?

Lieut.-Colonel A. E. B. Parsons : (a) Government has no information.

(b) Does not arise.

Mr. Badri Dutt Pande : Did the Government of India or the Honourable Member read an article on this subject in the *Illustrated Weekly of India* ?

Lieut.-Colonel A. E. B. Parsons : I am afraid I missed it.

Mr. S. Satyamurti : Did the Government of India make any inquiries after the receipt of this question ?

Lieut.-Colonel A. E. B. Parsons : I don't think so.

Mr. S. Satyamurti : Do the Government propose to make inquiries ?

Lieut.-Colonel A. E. B. Parsons : There appears to be no immediate prospect of any canal like this being constructed ?

Mr. S. Satyamurti : In view of the fact that Japan has been bombing Hong Kong since yesterday, do Government propose to take note of these activities of Japan ?

Lieut.-Colonel A. E. B. Parsons : I think that was a mistaken piece of news. It was not bombed yesterday.

PUBLICATION OF CORRESPONDENCE WITH PROVINCIAL GOVERNMENTS REGARDING FORCED LABOUR.

234. ***Mr. N. M. Joshi :** Will the Honourable the Home Member be pleased to state whether the Government of India have published the correspondence with the Provincial Governments on the subject of forced labour as promised by Mr. Thorne in the Legislative Assembly during the last Delhi Session ?

Mr. R. F. Mudie : A copy of the correspondence relating to the forms of forced labour in the Provinces has already been laid on the table of the House and, at his request, another copy has been given to the Honourable Member.

WEARING OF Kirpan BY SIKHS.

235. ***Mr. Lalchand Navalrai :** (a) Will the Honourable the Home Member be pleased to remember that he admitted during the debate of the Bill 'to amend the Indian Arms Act' in respect of wearing the kirpans by Sikhs both 'Kesadharis' and 'Sahijdharis' on 1st April, 1937, that there exists an anomaly with regard to the wearing and the size of the kirpans in the Bombay Presidency and in Sind and if it was only a question of correcting that anomaly he would have no objection to the Bill under discussion and that the Honourable the Home Member promised to point out that matter to the Local Governments concerned by sending them a copy of the debate ?

(b) Will the Honourable the Home Member be pleased to state if the Local Governments concerned have removed the anomaly or lessened the inconvenience complained of during the said debate ?

(c) If the Local Government concerned have not yet taken any step in that direction does the Honourable the Home Member propose to expedite the said Local Governments ?

(d) Does the Honourable the Home Member propose to suggest to the Provincial Governments to make rules to allow 'Sahjdhari' Sikhs also to wear *kirpans* like the 'Kesadharis' on their making a suitable declaration of their faith?

Mr. J. A. Thorne : (a) Yes.

(b) and (c). I regret that through an inadvertence the undertaking was carried out only on August 7th last. I am now asking the Provincial Governments whether they have found it possible to take the action suggested : and I am at the same time putting to them the suggestion made in part (d) of the question.

Sardar Mangal Singh : May I know if the Government will take steps as regards the centrally administered areas also?

Mr. J. A. Thorne : I must ask for notice of that question.

Sardar Mangal Singh : The Honourable Member gave us an assurance that the matter will be brought to the notice of the Provincial Governments. I am asking whether the matter will be referred to the centrally administered areas also. That is a simple question.

Mr. J. A. Thorne : The question relates only to Bombay and Sind and I must repeat that if the Honourable Member wants information about other parts, I must ask for notice.

Mr. Lalchand Navalrai : May I know if the copies of the debates of that day will be sent to the Provincial Governments concerned?

Mr. J. A. Thorne : That has already been done.

RESENTMENT AMONGST INDIANS AND MUSLIMS AGAINST THE REPORT OF THE ROYAL COMMISSION ON PALESTINE.

236. ***Mr. S. Satyamurti :** Will the Honourable the Home Member be pleased to state :

- whether the Government of India are aware of the strong feeling of resentment amongst Indians and especially amongst Muslims against the report of the Royal Commission on Palestine, suggesting the division of Palestine into Arab and Jew territories ;
- whether Government have communicated to His Majesty's Government this feeling of resentment ; if so when, and if not, why not ; and
- whether Government propose to approach the League of Nations on behalf of this country to represent the feeling against the Palestine Report, and if not, why not ?

Mr. J. A. Thorne : (a) and (b). I would refer the Honourable Member to the answers I gave on the 24th August, 1937, to Sir Muhammad Yakub's starred question No. 59 and to the supplementary questions on this subject.

(c) This is not a matter in respect of which the Government of India could properly approach the League otherwise than in consultation with His Majesty's Government—whose attention will be specifically invited to this question and answer and to the questions and answers to which I have referred.

Mr. S. Satyamurti : May I know, specifically, whether after the publication of the report of the Royal Commission on Palestine, the Government of India at any time drew the attention of the Secretary of State or of His Majesty's Government to the strong feeling of resentment in this country, against the proposed partition of Palestine?

Mr. J. A. Thorne : I have already answered that. No specific letter has been written for that purpose.

Mr. S. Satyamurti : May I ask whether at any time after the publication of the Royal Commission's Report any general letter was sent to the Secretary of State for India or His Majesty's Government pointing out, *inter alia*, the feeling of resentment in this country against the proposals of that Commission?

Mr. J. A. Thorne : I do not know what the Honourable Member means by a general letter but I can assure him again that communications have passed from the Government of India to the Secretary of State which have defined the Muslim feeling in this country on the subject.

Mr. S. Satyamurti : Have these communications been addressed after the publication of the Royal Commission's proposals?

Mr. J. A. Thorne : Yes.

Mr. S. Satyamurti : With reference to the answer to clause (c) of the question, may I know for elucidation of the answer what is the impropriety that my Honourable friend contemplates, in India, as the original member of the League of Nations, approaching the League, and pointing out to the League or its Committees who are considering this Report, the feeling of this country against the proposals of that Commission?

Mr. J. A. Thorne : Well, Sir, the main responsibility on this matter is obviously with the mandatory power and it was for that reason that I indicated that it was not a matter in respect of which the Government of India could properly approach the League otherwise than in consultation with His Majesty's Government.

Mr. S. Satyamurti : In view of the fact that the League of Nations is actually considering the matter—a Committee has sat over it and made its recommendations—and also in view of the fact that India is an original member of the League of Nations, may I know, apart from the mandatory power of Great Britain over these territories, whether there are any statutory or conventional restrictions on the Government of India approaching the League to communicate to them our feeling in the matter?

Mr. J. A. Thorne : I must observe that the question whether there are any statutory or conventional restrictions is one which the Home Department is not in a position to answer. If an answer is desired on that, it is a matter on which notice must be given to the department concerned.

Mr. S. Satyamurti : Has His Majesty's Government been approached by the Government of India to approach the League on our behalf, and communicate to them our feelings in this matter?

Mr. J. A. Thorne : I have already said that no specific representation has been made.

Mr. M. Asaf Ali : I understood the Honourable Member to say that the Government of India in these matters must always have consultation with the mandatory power. The Government of India is an original member of the League of Nations.....

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

Mr. M. Asaf Ali : I just want to know why we, being the original member of the League of Nations, cannot communicate directly with the League of Nations ?

Mr. J. A. Thorne : It is on that point that I said that the Home Department is not immediately concerned. As regards League of Nations questions, if an answer is required as to the proper position, we must have notice.

RETENTION OF BRITISH TROOPS FOR INTERNAL SECURITY PURPOSES.

237. ***Mr. S. Satyamurti :** Will the Defence Secretary be pleased to state :

(a) whether the Government of India take the same position on the question of the replacement of British troops by Indian troops in India as was stated in the Council of State on the 18th March, 1937, by His Excellency the Commander-in-Chief, particularly with reference to the insistence of Local Governments on the retention of British troops for internal security purposes ;

(b) whether, in view of that position, the Government of India propose now to write and ask the Provincial Governments in the country as to whether they insist on British troops being retained here for internal security purposes, and whether they are not satisfied with Indian troops for this purpose ; and

(c) whether the Government will place their letter to the Provincial Governments and their replies thereto on the table of the House, and if not, why not ?

Mr. C. M. G. Ogilvie : (a) Yes.

(b) No.

(c) Does not arise.

Mr. S. Satyamurti : With reference to the answer to clause (b) of the question, may I know the reason why, especially as new Local Governments have come into existence in every province under the Government of India Act, 1935, since the speech was made, the Government of India do not propose to consult Local Governments, as to whether they insist on British troops being retained for internal security purposes ?

Mr. C. M. G. Ogilvie : All I can say is that they do not propose to consult them.

Mr. S. Satyamurti : I want to know the reasons. I do not want the repetition of the previous answer. I am not asking whether they propose to consult the Local Governments or not, because that question has

already been answered. I am now asking for reasons why the Government of India do not propose to consult the Local Governments which have come into existence in all the eleven provinces of India under the Government of India Act, 1935, on a much more extended franchise and on a much more democratic basis.

Mr. C. M. G. Ogilvie : Because in spite of those facts Government remain of the same opinion as that expressed in this House by His Excellency the Commander-in-Chief.

Mr. S. Satyamurti : I am not asking about the Government of India's opinion. I am asking why the opinions of the Provincial Governments are not to be invited on this matter.

Mr. C. M. G. Ogilvie : Government do not consider it necessary or desirable.

Mr. M. Asaf Ali : With reference to part (a) of the question, may I take it that the provinces have insisted on the retention of the British troops both in peace and war times in India ?

Mr. C. M. G. Ogilvie : It is difficult to answer so wide a question at a moment's notice, but my impression is Yes.

Mr. M. Asaf Ali : In that case I should like to know whether any British troops will be sent out in war times or will not be sent out in war times ?

Mr. C. M. G. Ogilvie : It depends on the nature of the war.

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

Mr. M. Asaf Ali : It is a very simple question. May I explain to you, Sir, what I mean.

Mr. President (The Honourable Sir Abdur Rahim) : I have understood the question.

Mr. M. Asaf Ali : The Honourable Member says that he is under the impression that the provinces insist on the retention of these British troops in India both in peace and war time. Now, I want to know whether the Government of India will allow these troops to remain in India in war time ?

Mr. President (The Honourable Sir Abdur Rahim) : The war has not taken place yet.

Mr. M. Asaf Ali : In that case, may I know what has been the practice of the Government of India with regard to internal security ? Did they have British troops in India in war time before ?

Mr. C. M. G. Ogilvie : As far as I can answer such a question off-hand, it is not possible.....

Mr. President (The Honourable Sir Abdur Rahim) : It is quite clear what the position is.

Prof. N. G. Ranga : Sir, the Honourable Member in charge of the Department was in the course of answering the question.

Mr. S. Satyamurti : He had hardly finished his answer !

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

TROOPS ENGAGED IN WAR OPERATIONS ON THE NORTH-WEST FRONTIER.

238. ***Mr. S. Satyamurti** : Will the Defence Secretary be pleased to state :

(a) the number of British and Indian troops engaged in the war operations on the North-West Frontier, since the beginning of this year ;

(b) the number of casualties among British and Indian troops ; and

(c) the cost on account of British and on account of Indian troops separately, in regard to these operations since the beginning of this year?

(**Mr. C. M. G. Ogilvie** rose to answer question No. 238.)

Mr. S. Satyamurti : Will you please speak louder ? We cannot hear you.

Mr. President (The Honourable Sir Abdur Rahim) : Order, order. Honourable Members must leave it to the Chair whether an Honourable Member can be heard or not.

Mr. S. Satyamurti : I cannot hear him.

(**Mr. C. M. G. Ogilvie** began to read his answer in a louder tone.)

Mr. S. Satyamurti : Please do not speak so loudly, but try to speak clearly.

Mr. President (The Honourable Sir Abdur Rahim) : Order, order. When the Honourable Member was speaking in his usual way, you could not hear him and asked him to speak louder. When he was speaking louder, you began to shout and asked him not to speak loudly. That is not proper.

The Honourable Member can go on.

Mr. C. M. G. Ogilvie : (a) I refer the Honourable Member to the reply I gave to part (c) of starred question No. 146 on the 27th August, 1937.

(b) I refer the Honourable Member to my answers to part (b) of starred question No. 40 and the concluding portion of starred question No. 142 given on the 24th and the 27th August, 1937, respectively.

(c) As there are still so many uncertain factors in the accounts, no figures can be given at present.

Mr. S. Satyamurti : With reference to answer to clause (c) of the question, namely, "the cost on account of British and on account of Indian troops separately, in regard to these operations since the beginning of this year", may I say that this question has been asked for the third time since this Session began ? I want to know why there is any difficulty in giving us the figures, so far as they are available.

Mr. C. M. G. Ogilvie : The figures have been given.

Mr. S. Satyamurti : But the figures relating to the cost of these operations have not been given, since the beginning of this Session.

Mr. C. M. G. Ogilvie : The reason, I understand, is that there are still, as I have said before, so many uncertainties in these accounts that even an approximate figure cannot be given with any degree of confidence at the moment. I know that the matter is being very closely examined in the office of the Military Accountant General and I hope in a few more days to be able to lay an accurate statement on the table.

Mr. S. Satyamurti : What are the uncertain factors involved in calculating the moneys which have actually been spent from the Treasury ?

Mr. C. M. G. Ogilvie : A prolonged residence in the office of M. A. G. would alone enable me to answer that question or for the Honourable Member to understand the answer.

Mr. S. Satyamurti : Public money is being spent for the last seven months, and now I am told that the Government cannot give exact figures. They can make allowance for uncertainties in the future, but for the money already spent, they must be able to render account ?

Mr. President (The Honourable Sir Abdur Rahim) : He says he will be able to give accurate figures in a few days.

Mr. S. Satyamurti : Before the end of the Session ?

Mr. C. M. G. Ogilvie : Certainly.

SUPPLY OF COURT NOTICES AND GOVERNMENT ADVERTISEMENTS TO VERNACULAR NEWSPAPERS IN DELHI FOR PUBLICATION.

239. ***Mr. M. Asaf Ali** : Will the Honourable the Home Member be pleased to state :

(a) if it is a fact that a certain number of newspapers are on the Black list of the Government of Delhi, and they are not given any court notices or Government advertisements for publication ;

(b) if it is a fact that court notices, etc., are given for publication to certain periodical "sheets" which have no regular circulation nor any large number of subscribers ; and

(c) whether the Honourable Member proposes to ask the Local Government of Delhi to examine this question with a view to revising the list of the vernacular newspapers which should be patronised in the interest of publicity ?

Mr. J. A. Thorne : (a) The Provincial Government have hitherto prepared a list of newspapers which are considered suitable for the publication of Government advertisements. Similarly, the High Court at Lahore have issued a list to subordinate courts for the purpose of the publication of court notices.

(b) and (c). The Provincial Government's list contains some papers which have not a very high circulation : but I understand that the Chief Commissioner has at present under consideration the question of amending his list so as to make it accord more fully to the principle of securing the maximum publicity for advertisements.

[1st SEP. 1937.]

Mr. S. Satyamurti : In making up this list, is the Government's only consideration the amount of circulation of the papers, or do the political views or political leanings of the papers have anything to do with the selection of these papers for Government patronage by way of advertisements and so on ?

Mr. J. A. Thorne : Is my Honourable friend referring to the list hitherto in use ?

Mr. S. Satyamurti : Yes.

Mr. J. A. Thorne : I have got the list here. I cannot say at a glance. The list is a white list rather than a black list. But it is a fact that the circulation of some of the papers is not so great as perhaps to justify their use for advertisements of importance ?

Mr. Mohan Lal Saksena : Are they friendly papers whose circulation is not so much as others ?

Mr. J. A. Thorne : I cannot say from this list whether they are friendly or unfriendly.

Sardar Sant Singh : Is it a fact that these advertisements are given to these papers in the nature of a subsidy ?

Mr. J. A. Thorne : I suggest that is a matter of opinion.

Sardar Sant Singh : What is the view of the Government in that matter when they include certain papers in the white list and exclude others by putting them in the black list ?

Mr. J. A. Thorne : I do not express any opinion upon that.

Mr. Bhulabhai J. Desai : Is it pure business or favour ?

Mr. J. A. Thorne : As I have said, the list is under revision and I hope the result of the revised list will be highly business like.

Seth Govind Das : Is it a fact that these advertisements are given to such papers, the circulation of which is much less than those papers of which the circulation is much more and the Government publications are not even given to those papers the circulation of which is much more than the papers the circulation of which is much less but for which the publication of Government are supplied ?

Mr. J. A. Thorne : The answer already given covers that.

Mr. M. Asaf Ali : Are they prepared now to abolish this black list if that black list rests only on political considerations ?

Mr. J. A. Thorne : The list is a white list but the Government are prepared to advise the Chief Commissioner to observe the main purpose of advertisement.

Mr. Mohan Lal Saksena : Has the attention of the Government been drawn to the policy laid down by the present United Provinces Government in this respect ?

Mr. J. A. Thorne : I have seen something to that effect in the Press, but may I know, Sir, how the question of policy of the United Provinces Government arises from this question ?

Mr. Mohan Lal Saksena : While revising this list, will the Government take into consideration the policy adopted by the United Provinces Government ?

Mr. J. A. Thorne : I must refresh my memory as to what the policy is.

Mr. Thirumala Rao : On what basis do Government propose to revise this list ?

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

REFUND OF SECURITIES TO NEWSPAPERS AND PRESSES IN DELHI.

240. ***Mr. M. Asaf Ali :** (a) Will the Honourable the Home Member be pleased to state how many securities have been demanded from the newspapers and presses in Delhi during the past three years ?

(b) How many of such securities have been forfeited ?

(c) Are Government prepared to consider the question of refunding these securities to the newspapers and presses of Delhi in accordance with the precedents laid down by the neighbouring province, i.e., United Provinces ? If not, why not ?

Mr. J. A. Thorne : (a) 48. One of these securities was subsequently refunded.

(b) Two.

(c) I am not sure whether by "these securities" the Honourable Member means, securities deposited or securities forfeited. The Government are, however, not aware of circumstances which would justify a general refund.

Mr. M. Asaf Ali : Are the circumstances in the Delhi Province very much different from the circumstances prevailing in the neighbouring parts as far as these matters are concerned ?

Mr. J. A. Thorne : Any particular neighbouring province ?

Mr. M. Asaf Ali : United Provinces ?

Mr. J. A. Thorne : The administration of Delhi reflects in a large measure the administrations in both the adjoining provinces of the Punjab and the United Provinces.

Mr. M. Asaf Ali : In that case, if United Provinces can afford to refund these securities, why cannot Delhi do it ?

Mr. President (The Honourable Sir Abdur Rahim) : That is argument. I cannot allow that question. Supplementary questions are intended to elucidate the points arising out of the answers to the original question and they should ask for information on certain points. You cannot argue.

Mr. M. Asaf Ali : I will put a supplementary question only for the purpose of getting information and for no other purpose. Are the Delhi Government prepared to refund the securities or not ?

Mr. J. A. Thorne : I have said in reply to part (c) that " Government are, however, not aware of circumstances which would justify a general refund ".

Mr. M. Asaf Ali : What circumstances would the Government require to justify a refund ?

Mr. J. A. Thorne : I do not think I can add anything to the answer I have already given.

EXTERMENT OF MAULANA HUSAIN AHMAD MADANI AND MAULANA NURUDDIN FROM DELHI.

241. ***Mr. M. Asaf Ali :** (a) Will the Honourable the Home Member please state why Maulana Husain Ahmad Madani and Maulana Nuruddin have been externed from Delhi ?

(b) Is the Honourable Member aware that both in and outside Delhi public protests were made against the restrictions imposed by the Local Government on these Muslim divines ?

(c) What reason, if any, is there for the continuance of these orders, and when does the Local Government propose to cancel them ?

Mr. J. A. Thorne : (a) Action was taken by the Chief Commissioner, Delhi, in view of objectionable speeches delivered by these gentlemen.

(b) I am aware that some protests have been made.

(c) I am not aware that there is any reason to believe that, if these men are permitted to return, they will modify their previous behaviour. The orders which were issued on the 8th May and 18th June, 1937, are in force for a period of six months only.

Mr. M. Asaf Ali : May I know why they were not prosecuted if their speeches were of a criminal nature ?

Mr. J. A. Thorne : I understand that the Chief Commissioner considered that course, but as neither of these gentlemen, I believe, belongs to the Delhi Province, he considered that the less drastic course was to pass an order which would prevent them from coming into Delhi for six months.

Qazi Muhammad Ahmad Kazmi : Does the Honourable Member know that these gentlemen live in the U. P. and there they have full freedom of making speeches throughout U. P. ?

Mr. J. A. Thorne : No, Sir.

Qazi Muhammad Ahmad Kazmi : Do the Government know where these people have gone to live after they were externed from Delhi ?

Mr. J. A. Thorne : No, Sir.

Mr. Mohan Lal Saksena : Is it not a fact that Maulana Nuruddin was carrying on business in Delhi city ?

Mr. J. A. Thorne : I am not aware of it. I want notice.

Mr. M. Asaf Ali : Is the Honourable Member aware that Maulana Nuruddin has been living for a considerable period in Delhi, that he is a man belonging to Delhi and he has been residing in Delhi for a long time.

Mr. J. A. Thorne : I do not know.

Mr. M. Asaf Ali : Will the Honourable Member draw the attention of the Chief Commissioner to this fact that Maulana Nuruddin has been a resident of Delhi for a long time ?

Mr. J. A. Thorne : My ignorance is probably not shared by the Chief Commissioner, Delhi.

Mr. M. Asaf Ali : Is it not a fact that the objectionable speeches to which reference has been made were really speeches in which these gentlemen persuaded the Muslims to join the Congress and that is why their speeches were considered objectionable ?

Mr. J. A. Thorne : In the course of speeches which no doubt had that general aim, objectionable utterances were made which were not essential for that object.

Mr. M. Asaf Ali : Is it possible for the Honourable Member to point out now any particular parts of the speech which are objectionable ?

Mr. President (The Honourable Sir Abdur Rahim) : I do not think that can be answered.

Mr. Abdul Qaiyum : Do Government object to Mussalmans joining the Congress ? (Laughter.)

Mr. J. A. Thorne : No, Sir.

EXPEDITION AGAINST THE FAQIR OF IPI AND HIS FOLLOWERS IN THE TRIBAL AREA.

242. ***Mr. Abdur Rasheed Chaudhury :** Will the Defence Secretary please state :

- (i) the cause or causes leading to sending an expedition against the Faqir of Ipi and his followers in the Tribal area ;
- (ii) the total number of forces of all arms sent in the expedition ;
- (iii) the total number of British and total number of Indian soldiers sent in the expedition ;
- (iv) the total casualties till now, both British and Indian ;
- (v) the total amount of money spent on the Expedition from the beginning of the expedition till the end of July, 1937 ;
- (vi) the total strength of the Faqir in man and money, and his total casualties till the end of July, 1937 ;
- (vii) whether any warning was given to the Faqir and whether any formal war was declared against him before sending the expedition ;

(viii) the total number of bombs, thrown from aeroplanes in the Tribal area, and the total casualties from bombs from beginning of the expedition till the end of July, 1937 ;

(ix) the net result of the expedition till now ; and

(x) whether the Faqir has been subdued ; if not, why not ?

Mr. C. M. G. Ogilvie : (i), (ii) and (iii). I refer the Honourable Member to the Summary of important matters concerning the Defence Services in India, a copy of which has already been supplied to him.

(iv), (v), (vi), (viii) and (ix). I refer the Honourable Member to the replies I gave during the current Session to the following starred question :

Parts (b) and (c) of question No. 40, part (c) of question No. 146, parts (b) and (c) of question No. 153 and part (c) of question No. 238.

(vii) An announcement of Government's intention was made to the Tori Khel Wazirs of which tribe the Faqir of Ipi is a member.

(x) Not yet, but efforts are being made to obtain his submission through tribal machinery.

Mr. Kuladhar Chaliha : Will the Honourable Member state how the announcement was made to the Faqir of Ipi ?

Mr. C. M. G. Ogilvie : I cannot add to what I have said. No particular announcement was made to the Faqir of Ipi but to the tribe of which he is a member.

Mr. Abdul Qaiyum : The Honourable Member has referred to a certain document which gives the information on certain parts of this question. May I know when that document was published, what period is actually covered by that document and does that document bring the information up to this day ?

Mr. C. M. G. Ogilvie : It gives full information concerning (i), (ii) and (iii).

Mr. Abdul Qaiyum : Up to what period ?

Mr. C. M. G. Ogilvie : I do not know exactly up to what date, but the information is contained there.

Mr. F. E. James : Sir, I asked the other day whether this House could be supplied with a memorandum on this subject similar to that which was supplied to members of the House of Commons, where I understand a White Paper was issued bringing the story of the Frontier expedition up to date. Will Government consider the advisability of issuing some sort of summary of the information bringing the story up to date ?

Mr. C. M. G. Ogilvie : The White Paper itself will be supplied to the House.

Maulvi Abdur Rasheed Chaudhury : May I know what time it will take to subdue the Faqir ?

Mr. C. M. G. Ogilvie : I think I might be asked another.

RELEASE OF POLITICAL PRISONERS AND DETENUS AND WITHDRAWAL OF EXTERNMENT AND INTERNMENT ORDERS IN THE CENTRALLY ADMINISTERED AREAS.

243. *Mr. Mohan Lal Saksena : Does the Honourable the Home Member propose to consider the advisability of releasing all political prisoners and detenus in the centrally administered areas and the withdrawal of externment and internment orders passed under the Criminal Law Amendment Act ?

Mr. J. A. Thorne : The number of State Prisoners with whom the Home Department is concerned and whom the Government of India have the power to release is very small. Their cases are reviewed every six months. The same is true of persons subject to restrictive orders, and of persons convicted of sedition or kindred offences. The Government do not propose to pass general orders of release or removal of restrictions.

Pandit Lakshmi Kanta Maitra : When were their cases last reviewed and how many have been released after that review ?

Mr. J. A. Thorne : The case of the three State Prisoners with whom the Home Department are concerned was reviewed certainly within the last month.

Sardar Sant Singh : In view of the fact that these detenus and internees have been released in many provinces, are the Government of India prepared to make their policy uniform with the policy of the provinces ?

Mr. J. A. Thorne : I have already said that Government do not propose to pass any general orders of release.

Sardar Sant Singh : What are the reasons for not making their policy uniform with that of the provinces ?

Mr. J. A. Thorne : I think that is a matter of argument.

Prof. N. G. Ranga : What is the exact number of these prisoners and externees ?

Mr. J. A. Thorne : So far as my information goes, there are three State Prisoners and two orders of externment.

Qazi Muhammad Ahmad Kazmi : What are the reasons on account of which Government are considering the review of these cases ?

Mr. J. A. Thorne : I am afraid I do not understand the question.

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

RULES FOR TRANSFER OF PRISONERS AND MAINTENANCE OF THE CELLULAR JAIL AT PORT BLAIR AND THE DEOLI DETENTION CAMP.

244. *Mr. Mohan Lal Saksena : (a) Will the Honourable the Home Member be pleased to state if there are any rules governing the transfer of prisoners from one province to another or the centrally administered areas ? If so, has there been any modification in them due to the new constitution ?

(b) How is the expenditure incurred in keeping such prisoners defrayed ?

(c) Do the Provincial Governments make any contribution for the maintenance of the Cellular Jail at Port Blair ? If so, how much ? Have the Central Government to bear any part of it ?

(d) How many prisoners are there in the Cellular Jail in the Andamans at present ? What are their respective numbers from the various provinces ?

(e) Have the Central Government to incur any expenditure in maintaining the Deoli Camp ?

Mr. R. F. Mudie : (a) Prisoners are transferred from one Province to another under section 29 of the Prisoners Act, 1900. Before the 1st April, 1937, power to transfer prisoners from one province to another vested in the Governor General in Council, but now the transfer of a prisoner from one province to another requires an order of the Province from which the prisoner is to be transferred and the consent of the Province to which he is to be transferred.

(b) This is a matter for arrangement between the Governments concerned.

(c) For the cost of maintenance of the terrorist prisoners in the Cellular Jail the Provincial Governments concerned make certain contributions. For instance, the whole cost of certain special jail staff employed to look after these prisoners is recovered from the Provinces : also 2½th of the salary of the Superintendent and of the Medical Officer. It is not possible to estimate exactly what amount incurred on account of the terrorist prisoners is borne by the Central Government.

(d) There are at present 283 terrorist prisoners in the Cellular Jail ; 244 come from Bengal ; seven from Madras ; six from the Punjab ; 16 from Bihar ; six from Assam ; three from Delhi and one from Ajmer. There are also some volunteer convicts there, but I cannot give figures for them.

(e) No.

Mr. Mohan Lal Saksena : With reference to clause (a), may I know if after the introduction of provincial autonomy the respective Provincial Governments were consulted with regard to keeping the prisoners in the Andamans ?

Mr. R. F. Mudie : I do not think that question arises.

Mr. Mohan Lal Saksena : The Honourable Member said that before the 1st April last the power to transfer prisoners vested with the Governor General in Council, and after that date the power vests with the Provincial Governments. Therefore, I want to know whether the Governments of the Provinces from which the prisoners were taken to the Andamans were consulted regarding keeping them there.

Mr. R. F. Mudie : The question was one as to the rules governing transfer. That I have answered. I submit, Sir, that no question of policy arises out of that answer.

Pandit Lakshmi Kanta Maitra : May I know if since the introduction of provincial autonomy the Government of India consulted the Provincial Governments as to whether they should take back the prisoners from the Andamans or the Government of India should retain them ?

Mr. R. F. Mudie : That is the same question.

Mr. S. Satyamurti : With reference to clause (d), have Government considered, since the passing of the adjournment motion in this House, a reduction in the number of these prisoners in consultation with the Local Governments concerned ?

Mr. R. F. Mudie : I do not think that that arises either.

Mr. S. Satyamurti : I submit, Sir, it does.

Mr. President (The Honourable Sir Abdur Rahim) : No, all that is wanted is the number.

Mr. S. Satyamurti : I want to know whether they are considering any reduction of the numbers, in consultation with the Local Governments concerned.

Mr. President (The Honourable Sir Abdur Rahim) : That does not arise.

Mr. Abdul Qaiyum : Is it a fact that certain Local Governments have asked that their prisoners should be repatriated ?

Mr. J. A. Thorne : That does not arise.

INDIANS EMPLOYED AS GARRISON ENGINEERS.

245. ***Sardar Mangal Singh :** Will the Defence Secretary please state :

- (a) the number of Indians employed as garrison engineers ;
- (b) if there are no Indian employed as garrison engineers, whether Government are prepared to employ Indians when qualified Indians are available ; and
- (c) the number of those garrison engineers who are not Royal Engineers but have been promoted from Military Sub-Divisional Officers ?

Mr. C. M. G. Ogilvie : I refer the Honourable Member to the answers given by me on the 27th August, 1937, to starred questions Nos. 154 and 155.

INDIANS EMPLOYED AS SUB-DIVISIONAL OFFICERS IN THE ARMY.

246. ***Sardar Mangal Singh :** Will the Defence Secretary please state :

- (a) the total number of, and the number of Indians employed as
 - (i) Sub-Divisional Officers, Buildings and Roads ;
 - (ii) Sub-Divisional Officers, Electrical and Mechanical ; and
 - (iii) Sub-Divisional Officers, Furniture and Stores ;

- (b) whether Government are prepared to increase the number of Indians when qualified Indians are available in large numbers; and
- (c) the scale of pay for civilian and military Sub-Divisional Officers?

Mr. C. M. G. Ogilvie : (a)

	Total.	Indians.
(i) Sub-Divisional Officers, Buildings and Roads ..	132	59
(ii) Sub-Divisional Officers, Electrical and Mechanical ..	53	8
(iii) Sub-Divisional Officers, Furniture and Stores ..	66	NIL.

(b) and (c). I refer the Honourable Member to the reply I gave on the 27th August to parts (b) and (c) of Mr. Sham Lal's starred question No. 156.

Mr. T. S. Avinashilingam Chettiar : May I know, Sir, with reference to clause (b) whether those appointments are such that Indians cannot be appointed to them?

Mr. C. M. G. Ogilvie : No, certainly not. The fact is that no vacancy has occurred in them.

Mr. T. S. Avinashilingam Chettiar : For how long have the vacancies not arisen?

Mr. C. M. G. Ogilvie : I cannot say off-hand, but I imagine that civilian appointments have been made for the past four or five years only.

Mr. T. S. Avinashilingam Chettiar : May I know if before that no competent Indians were available for such appointments?

Mr. C. M. G. Ogilvie : I have no doubt they were, but before that period no civilian was eligible for those posts.

RECRUITMENT OF OVERSEERS AS SUB-DIVISIONAL OFFICERS IN THE ARMY.

247. ***Sardar Mangal Singh :** Will the Defence Secretary please state :

- (a) the number of Indians with English and Roorkee qualifications who are working as overseers temporary or permanent;
- (b) what their pay is;
- (c) why they are not made Sub-Divisional Officers in place of military Sub-Divisional Officers;
- (d) whether Government propose to stop further recruiting of the military Sub-Divisional Officers in future?

Mr. C. M. G. Ogilvie : (a) and (d). I refer the Honourable Member to the answer given by me on the 27th August, 1937, to parts (a) and (b) of starred question No. 157.

(b) The pay is as follows :

Rs. 60—4—100 (Efficiency Bar)—5—150 (Efficiency Bar)—5—175.

(c) These overseers when qualified are eligible for promotion to Sub-Divisional Officers in the civilian cadre. They cannot be promoted in place of military Sub-Divisional Officers as they do not possess the necessary qualifications.

CONSULTATION OF THE CENTRAL LEGISLATURE BEFORE SENDING INDIAN TROOPS ABOARD.

248. ***Sardar Mangal Singh :** (a) Will the Defence Secretary please state whether Government propose to set up a Standing Committee of the Central Legislatures on the defence affairs?

(b) If the reply to part (a) be in the negative, what machinery do Government propose to devise to consult the legislatures before Indian troops are sent abroad?

(c) If the answer to part (b) be also in the negative, how do Government propose to honour their pledges given to this House that they would consult the Legislature before Indian troops are sent abroad?

Mr. C. M. G. Ogilvie : (a), (b) and (c). I refer the Honourable Member to the answers given by my predecessor in this House to starred question No. 524 on the 18th September, 1936.

Sardar Mangal Singh : Did the Government consider the question when they decided to send Indian troops to China?

Mr. C. M. G. Ogilvie : Certainly.

Sardar Mangal Singh : What decision did they come to?

Mr. C. M. G. Ogilvie : That the Party Leaders should be consulted.

Sardar Mangal Singh : Will this practice continue in future?

Mr. C. M. G. Ogilvie : I can make no more definite statement than that made by my predecessor.

Qazi Muhammad Ahmad Kasmi : Was the consultation made before or after that?

Mr. C. M. G. Ogilvie : Before.

Prof. N. G. Ranga : Why is it that the Government have not so far revised their opinion in regard to this?
(No reply.)

CONSTRUCTION OF A MAUSOLEUM OVER THE GRAVES OF THE *ex*-EMPEROR BAHADUR SHAH AND *ex*-EMPRESS ZINAT MAHAL.

249. ***Sardar Mangal Singh :** (a) Will the Political Secretary please state if any representation from the trustees of the Bahadur Shah Dargah Trust has been received through the Burman Government, asking for financial contribution for the construction of a mausoleum over the graves of the *ex*-Emperor Bahadur Shah and *ex*-Empress Zinat Mahal?

(b) If the answer to part (a) be in the affirmative, what action have Government taken or propose to take in the matter?

The Honourable Sir Nripendra Sircar : This question is really the concern of the Political Department, and with your permission, Sir, I propose to answer it.

(a) No.

(b) Does not arise.

Gazi Muhammad Ahmad Kazmi : Had the Government ever under consideration that the tomb of Bahadur Shah was to be constructed? Was it ever under the consideration of the Government of India?

The Honourable Sir Nripendra Sircar : I want notice.

EXECUTIVE COUNCILLORS OF THE GOVERNMENT OF INDIA WHO WENT OUT OF INDIA.

250. ***Mr. Sri Prakasa :** (a) Will the Honourable the Home Member state which Members of the Executive Council of the Government of India have been out of India and for what periods of time during 1937?

(b) Who amongst them went on leave and who on duty? What work was assigned to those who went on duty?

(c) What salaries, allowances, or both, were or are being paid to each of them during the period of their absence from India? Under what heads are the allowances classified?

Mr. R. F. Mudie : (a) (i) The Honourable Sir Muhammad Zafrullah Khan, from 10th April.

(ii) The Honourable Sir James Grigg, from 24th to 19th August.

(iii) The Honourable Sir Henry Craik, from 12th June for a period not exceeding four months.

(b) The Honourable Sir Muhammad Zafrullah Khan was sent on deputation as one of India's delegates to the Imperial Conference and also as the Leader of the Indian Delegation to the Indo-British Trade Negotiations. The other two Honourable Members went on leave.

(c) The Honourable Sir Muhammad Zafrullah Khan has been given a pay of Rs. 5,500 per mensem the usual compensatory allowance of 16s. 8d. per day for that period of his stay during which he did not receive hospitality from His Majesty's Government, and, in addition, a special allowance of £25 a week in respect of his expenses in connection with his stay in London after the conclusion of the Imperial Conference for the negotiations with the Board of Trade. The expenditure will be met from the budget provision under "Demand No. 63—Charges in England—High Commissioner" for 1937-38. Honourable Members on leave draw a leave allowance of Rs. 3,333-5-4 per mensem; it is classified under demand No. "12—Executive Council—Charges in England—High Commissioner".

Mr. B. Das : May I know, Sir, what is the rate of exchange at which Sir Muhammad Zafrullah Khan gets Rs. 5,500, and what is the rate at which the other Executive Councillors when on leave get their salaries?

The Honourable Sir James Grigg : 1sh. 6d.

Mr. B. Das : But when they send out money to their Homes they get the privilege of sending it at 1/10 or 2sh. †

The Honourable Sir James Grigg : I can assure the Honourable Member from my experience that the rate is 1sh. 6d.

Mr. S. Satyamurti : With reference to the answer to clause (b) of the question, may I know if these Honourable Members while on leave have any functions attached to them, whether they speak to Members of the British Government with regard to the departments with which they are concerned, and whether they have any authority to do so?

Mr. R. F. Mudie : I imagine not.

SALE OF CERTAIN MILITARY LANDS AND PROPERTIES IN BOMBAY CITY.

251. ***Mr. Sri Prakasa :** (a) Will the Honourable the Finance Member state whether it is a fact that certain military lands and properties in the city of Bombay have been sold during the last two years through the Accountant General of Bombay, and whether any minimum price was fixed for the same?

(b) Is it a fact that they were sold for absolute minimum, even though there were better offers?

(c) If so, why were these offers rejected?

(d) Under what heads and in what departments has the money received been credited?

The Honourable Sir James Grigg : With your permission, Sir, I shall reply to this question.

(a) Yes.

(b) No.

(c) Does not arise.

(d) The receipts are credited to the head XLVI—Miscellaneous, and are controlled by the Finance Department.

CONSULTATION OF THE GOVERNMENT OF INDIA BY THE LEAGUE OF NATIONS ON QUESTIONS OF FOREIGN POLICY.

252. ***Mr. S. Satyamurti :** Will the Secretary for External Affairs be pleased to state :

(a) whether the Government of India, as an original member of the League of Nations, were ever consulted by the League or by His Majesty's Government over the Spanish situation or the Sino-Japanese situation;

(b) whether the Government of India are ever consulted by His Majesty's Government or by the League on any question of foreign policy; and

(c) whether the Government of India have ever made representations on any questions of foreign policy to His Majesty's Government or to the League, and if so, when and to what effect?

†Originally this question was addressed to the Defence Secretary.

Lieut.-Colonel A. E. B. Parsons : The constitutional position as between His Majesty's Government and the Government of India was fully explained by Sir Aubrey Metcalfe in his reply under heading (a) to the Honourable Member's own question No. 1506 on the 8th April, 1936.

As far as the League of Nations is concerned specific replies to the questions are as follows :

- (a) No. The League has not consulted the Government of India on these issues and the Government of India have no reason to suppose that consultation with any other member of the League has taken place.
- (b) I do not know in what sense the Honourable Member uses the word "consulted" but I may inform him that all communications addressed by the League to members of the League at large are addressed to the Government of India irrespective of the nature of their subject matter.
- (c) No, if by "foreign policy" the Honourable Member means such matters as those referred to in part (a) of his question.

Mr. S. Satyamurti : With reference to the answer to clause (a) of the question and the answer thereto, may I take it that India, as an original member of the League of Nations, has never approached the League directly so far, without reference to His Majesty's Government?

Lieut.-Colonel A. E. B. Parsons : The position as between the Government of India and His Majesty's Government has been explained in the first part of my answer. That would necessarily mean that the Government of India do not usually address the League of Nations direct in such matters.

Mr. S. Satyamurti : May I ask whether, as a matter of fact, ever since India has become an original member of the League of Nations, to my Honourable friend's knowledge, India has on a single occasion addressed the League, on any matter of foreign policy.

Lieut.-Colonel A. E. B. Parsons : The Honourable Member must be aware that my experience of Delhi and Simla is small, but as far as I know I think probably he is right.

Mr. S. Satyamurti : With regard to the answers to parts (b) and (c) of the question, may I know whether, on questions of foreign policy, His Majesty's Government addressed the Government of India on questions coming before the League, and whether the Government of India sent any recommendations or opinions to His Majesty's Government for submission to the League?

Lieut.-Colonel A. E. B. Parsons : I think to that question I must say Yes. His Majesty's Government constantly consult the Government of India on all questions which concern them.

Mr. S. Satyamurti : Did His Majesty's Government consult the Government of India on the Spanish situation or the Sino-Japanese conflict?

Lieut.-Colonel A. E. B. Parsons : I cannot answer offhand, but I should think, No.

Mr. S. Satyamurti : Why did they not consult them?

Lieut.-Colonel A. E. B. Parsons : Because I do not think that they really concern the Government of India much.

Mr. S. Satyamurti : Did the Government protest against India not being consulted on these matters?

Lieut.-Colonel A. E. B. Parsons : No, because I do not think the Government of India think that it concerns them to any great extent.

(b) WRITTEN ANSWERS.

REVISION OF THE SALARIES OF THE INDIAN CIVIL SERVICE AND THE INDIA POLICE SERVICE.

263. **Mr. T. S. Avinashilingam Chettiar :** Will the Honourable the Home Member state :

- (a) whether he is aware that the pay of the Ministers in the six provinces where the Congress have accepted office is only Rs. 500 ;
- (b) whether he is aware that the long promised revision and reduction of salaries of the Indian Civil Service and Indian Police Service has not yet been attended to ; and
- (c) in view of the fact that the heads of administration in the various provinces have reduced their salaries, whether Government will expedite the revision of the salaries of the Imperial services?

Mr. B. F. Mudie : I would refer the Honourable Member to the answers given on August 25th, to Sardar Mangal Singh's starred question No. 104 and to the supplementary questions then asked.

HUNGER-STRIKE BY AFGHAN PRINCES AT NAINITAL.

254. **Sardar Mangal Singh :** Will the Honourable the Leader of the House please state :

- (a) whether it is a fact that the Afghan Princes confined at Nainital have resorted to hunger-strike for redress of certain grievances ; and
- (b) what their grievances are and how far they have been accepted?

Lieut.-Colonel A. E. B. Parsons : (a) Yes—if by the term "Afghan Princes" the Honourable Member is referring to Sardar Mohd. Sarwar Khan and Sardar Mohd. Umar Khan. The Sardars in question courted arrest on the 31st July, 1937, by attempting to leave for Afghanistan without permission, but were released from jail on the 10th August, 1937.

(b) The Sardars are reported to be heavily in debt and they, therefore, asked for the grant of (i) a loan for the liquidation of their debts, and (ii) an increase in their allowance of Rs. 250 per mensem each. Government could not accede to their requests firstly, because they cannot accept responsibility for the debts incurred by Afghan refugees and secondly, because the allowance of Rs. 250 per mensem which supplemented by certain other concessions is drawn by each of them at present is considered to be adequate.

RELEASE OF THE *ex*-MAHARAJA OF NABHA.

255. *Sardar Mangal Singh : Will the Honourable the Leader of the House please state whether the question of the release of the *ex*-Maharaja of Nabha who is now confined at Kudaikanal under Regulation III of 181e, now rests with the Madras Government or the Government of India ?

The Honourable Sir Nripendra Sircar : The individual in question has been detained for reasons connected with the discharge of the functions of the Crown in its relations with Indian States and the question of his release or continued detention is a matter for the Crown Representative's consideration, and not of the Governments of Madras or India.

REDUCTION IN THE PENSIONS OF THE PRINCESSES OF BURMA.

256. *Mr. Anarendra Nath Chattopadhyaya : (a) Will the Honourable the Leader of the House be pleased to state if the late King and Queen of Burma were living in India—being externed from Burma—with their three children on a monthly pension of Rs. 5,500 to meet their bare necessities ? Is it a fact that after the death of the King, the Queen was given a pension of Rs. 2,500 and Rs. 1,000 to each of the three daughters ?

(b) Is it a fact that all of a sudden Government reduced the pension of the princesses to Rs. 300 each in 1918 without any reason ?

(c) Is it not a fact that some four years ago, a member of Burma Council interpellated on the subject of the princess' pension and Government replied that the second princess was getting Rs. 750 as personal allowance and Rs. 250 as house-rent per month ? If so, will the Honourable Member state if this reply was true and tallied with the facts ?

(d) Is it not the fact that the second princess has been staying at Kalimpong with her husband, Mr. K. M. Lathakin, son of the Duke and Duchess of Ngage and Mindit of Burma since 1920, and, as a protest against the small pittance of Rs. 300 per mensem, she has not accepted anything from Government ?

(e) Is it not a fact that for the last 19 years they have been living without any aid from Government in the shape of pension or stipend or allowance suited to their birth and position ?

(f) Will Government be pleased to state if the personal properties of the late King and Queen of Burma were given to their daughters ? If not, who had taken them ? Will Government now make over their properties to the surviving daughters of the late King and Queen ?

(g) Is it a fact that the second princess approached Government for being paid a lump sum amount instead of monthly dribblets, which Government had refused ?

(h) Are Government aware of the raid of their house at Kalimpong by the Sub-Divisional Officer of Darjeeling with local police without showing any order for such an outrage from competent authorities and that the officer concerned had taken away their guns and rifles ? Did Government of India reply to their representations to them regarding the affair ? If not, why not ?

(i) Now that Burma has been separated from India, do Government propose to repatriate the second princess to her home in Burma ?

(j) Is it a fact that the second princess of Burma had applied to the Government of India for the expense of cremation of her sister, who was lying dead in Calcutta for over two months ? If so, had the Government of India replied to it and if so, what was the reply ?

Mr. R. F. Mudie : (a) and (b). *Ex*-King Thebaw of Burma died in 1916, having spent the last thirty years of his life in India. In 1906 he represented that his allowance of Rs. 4,150 per mensem from Government was insufficient to meet the growing expenses of his family, which consisted of the *ex*-Queen, the second Queen, and four unmarried daughters. Government accordingly sanctioned an allowance of one lakh of rupees per annum out of which the *ex*-King received Rs. 5,000 per mensem and each of the four daughters Rs. 125, the balance being reserved to meet the family's miscellaneous expenditure. Shortly after the *ex*-King's death his second daughter married, and the *ex*-Queen and her three unmarried daughters were given pensions of Rs. 2,250 per mensem and Rs. 150 per mensem each respectively. In 1919 the *ex*-Queen and her three unmarried daughters left India for Burma and their pensions were increased to Rs. 2,500 per mensem and Rs. 200 per mensem each respectively. The second daughter, who in 1917 married a Burmese gentleman unconnected with the *ex*-Royal family, was provisionally given an allowance of Rs. 1,000 per mensem on the assumption that she would return to Burma. The amount was reduced to Rs. 300 per mensem in March, 1918, when it was ascertained that she intended to remain in India. Her allowance was raised to Rs. 500 per mensem in 1920, and to Rs. 750 plus house-rent up to Rs. 250 per mensem in 1928.

(c) The Central Government have no information as to whether or not the question was raised in the Burma Council four years ago, but it is a fact that the *ex*-King's second daughter has been allowed Rs. 750 per mensem plus monthly house-rent up to Rs. 250 since 1928.

(d) The Central Government have no recent information on the subject, but understand that the *ex*-King's second daughter took up her residence at Kalimpong with her husband in 1920. It is a fact that she at first refused to draw her pension, but in 1922 she asked for payment of her full allowance and the accumulated arrears. Payment was accordingly made.

(e) No.

(f) The *ex*-King left no private property of any value, and his second daughter has already been informed of this twice.

(g) In April, 1928, the *ex*-King's second daughter asked Government for a lump sum of fifteen lakhs of rupees. This request was not accepted.

(h) Copies of certain letters addressed by Mr. K. M. Lathakin to the Government of Bengal were forwarded by him to the Government of India for information. The Princess Ashin Teiksu Myat Paya Latt also wrote to the Government of India direct. The allegations contained in these letters are not the same as those contained in the question. The Government of India sent no reply as the attention of the Government of Bengal, which is the Government concerned, had already been drawn to the matter.

(i) The proposition is not under consideration. The *ex*-King's second daughter was given permission to return to Burma 20 years ago but preferred to reside in Calcutta.

(j) Perhaps the Honourable Member is referring to the death in Calcutta last May of Chandra Devi, daughter of Saw Yan Naing, a grandson of King Mindon Min of Burma. Requests for financial assistance in that connection were received from San Yan Naing and others but not from the *ex*-King's second daughter, who is not a sister of the deceased. The requests received were passed on to the Burma Government, as the separation of Burma from India has relieved the Central Government of the responsibility for maintaining the Burmese *ex*-Royal family.

CIRCULAR *re* POLICY TO BE FOLLOWED BY CANTONMENT AUTHORITIES IN THEIR DEALINGS WITH PROVINCIAL GOVERNMENTS.

257. *Mr. Mohan Lal Saksena : (a) Will the Defence Secretary state if any circulars have been issued to the cantonment authorities regarding the policy to be followed in their dealings with the Provincial Governments ?

(b) If so, will Government lay on the table a copy of the same ?

(c) Will the Defence Secretary also state what was the necessity and occasion for issuing the same ?

Mr. C. M. G. Ogilvie : (a) No.

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

EXPLOSION OF A BOMB AT BABINA IN JHANSI DISTRICT.

258. *Mr. Mohan Lal Saksena : (a) Will the Defence Secretary make a statement regarding the recent explosion of a bomb at Babina in Jhansi District ?

(b) Has there been any loss of life ? If so, what ?

(c) Do Government propose to give any compensation to the victims or, in case of their death, to their relations and dependents ?

Mr. C. M. G. Ogilvie : The information has been called for from the local authorities concerned and will be laid on the table as soon it is received.

MAINTENANCE OF THE DEOLI DETENTION CAMP.

259. *Mr. Mohan Lal Saksena : (a) Will the Honourable the Home Member be pleased to state the total cost of maintenance of the Deoli Detention Camp, and what portion of that cost the Bengal Government bear ?

(b) Is there any library maintained in the camp ? If so, what is the total number of books therein ?

(c) What is the total number of detenus ?

(d) What arrangements, if any, are there for the physical exercise and recreation of the detenus ?

(e) What are the medical arrangements ?

(f) What was the total number of patients treated in the camp hospital during the last six months ?

(g) How many interviews were held by the friends and relations of the detenus ?

(h) How long do Government propose to maintain the detention camp ?

Mr. J. A. Thorne : (a) I have no information as to the total cost of maintenance. The whole of it is borne by the Bengal Government.

(b) I am ascertaining whether there is a library in the detention camp. I can, however, say that the detenus are allowed to obtain books from outside sources, including the Imperial Library, Calcutta.

(c) On the 15th August the number was 317.

(d) Exercise is allowed in the open air for at least an hour and a half in the morning and again in the evening each day. A football and hockey ground has been provided : facilities for badminton and volleyball are also provided.

(e) There is a Hospital in the Jail and the services of a medical officer and an Assistant Surgeon are always available.

(f) and (g). I am making inquiries and will lay the result on the table.

(h) I invite the attention of the Honourable Member to the statements recently made by Members of the Bengal Government in the Bengal Legislature and reported in the Press.

STATEMENTS LAID ON THE TABLE.

Information promised in reply to starred question No. 612, asked by Mr. C. N. Muthuranga Mudaliar on the 12th March, 1937.

PERMANENT LOCATION OF GOVERNMENT OF INDIA OFFICES IN NEW DELHI.

(a) Rs. 3,54,087-9-0.

(b) Rs. 1,75,500-0-0.

(c) Rs. 2,07,300-0-0.

[1st SEP. 1937.]

Information promised in reply to starred question No. 733 asked by Mr. Lalchand Navalrai, on the 30th March, 1937.

NORTH WESTERN RAILWAY SUBORDINATE ACCOUNTANTS' EXAMINATION.

- (a) Yes.
- (b) Yes. Seven Sindhis and nine other non-Punjabies appeared at the examination.
- (c) Yes, but out of the 40 questions put, only two related to the Punjab. The paper was set by an examiner of the Punjab University and questions about Italy, Germany and other foreign countries were also asked.
- (d) Only two such questions (carrying 5 marks out of 100) were asked out of 40.
- (e) No. Even if the Sindhi and other non-Punjabi candidates who failed are credited with full marks for the two questions under discussion the improvement in their order of merit would not have made any difference to the final result already announced.
- (f) No. The number of recruits for Karachi Division is too small to justify a separate examination centre at Karachi.
- (g) The examination is a competitive one, and no Sindhi candidate has come within the advertised number of posts.

Information promised in reply to starred question No. 54 asked by Mr. Sham Lal on the 24th August, 1937.

LACK OF PROPER ARRANGEMENTS FOR TREATMENT AND DIET OF ONE LALA CHAMAN LAL IN THE QUARANTINE STATION, MEERUT.

- (a) and (b). In consequence of a report that Mr. Chaman Lal was suspected of suffering from plague, he was handed over to the City Health Officer for treatment.
- (c), (d) and (e). Government have no information.
- (f) No.

STATEMENT RE TREATMENT OF QUESTIONS ADDRESSED TO WRONG DEPARTMENTS.

The Honourable Sir Nripendra Sircar (Leader of the House) : Sir, I beg your permission for making a statement which I promised the other day.

With reference to the statement I made last week regarding the treatment of questions addressed to the wrong Department, my attention has since been called to the fact that the suggestion which I then made would defeat the intention of the new rule in two respects. In the first place the new rule renders the member giving notice of a question responsible for addressing it to the appropriate member, and the intention in this respect would be defeated if a member who had addressed a question to the wrong member were placed in a position automatically to secure an answer from the right member. In the second place the allocation of different days for the answering of questions by different members is an essential feature of the new rule. As regards the first point, it does

not appear that any member should have any difficulty in ascertaining to what member a question which he desires to put should be addressed. Conceding that there may well be cases in which a study of the distribution of functions supplied to Honourable Members may leave the matter in doubt, a member desiring to give notice of a question after the commencement of the session can always ascertain at once by verbal inquiry from the Government Benches to whom his question should be addressed, while in respect of notices given before the commencement of a session there will be time to admit of his obtaining the information by writing to the Legislative Assembly Department or to any of the Departments which he thinks may be concerned. If Honourable Members will follow this course the number of cases in which questions are addressed to the wrong member should become negligible. To the extent to which such cases continue to occur it will be necessary to distinguish cases in which the two members concerned answer questions on the same day and cases in which they answer questions on different days. In the first class of case, namely, where the two members concerned answer questions on the same day, Government for their part are prepared, despite the fact that a relaxation of the obligation imposed by the new rule is involved, to acquiesce in a position whereby the question will be answered by the appropriate member on the day on which it appears on the paper as a question addressed to the other member and there will be no preliminary answer by the member to whom the question has been wrongly addressed. In the second class of case, namely, where the two members concerned answer questions on different days, the only answer given on the day on which the question first appears on the paper will be a statement by the member to whom it has been addressed that it should have been addressed to another member. In the meantime, the Department to whose representative the question has been addressed will have informed the Legislative Assembly Department to what member the question should have been addressed and the Legislative Assembly Department without further reference to the member putting the question will place the question on the paper for the first day appointed for the answer of questions by the member concerned for which the question list has not already been issued, provided that the member putting the question has not exhausted his quota of questions for that day. Where he has exhausted his quota for that day, he will be under the necessity of giving fresh notice of the question.

Mr. T. S. Avinashilingam Chettiar : Will we be communicated with by the Assembly Department when the question has been addressed to the wrong Member ?

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member had better read the statement made by the Leader of the House carefully before he puts any questions.

Mr. S. Satyamurti : With regard to the first category there is no difficulty because automatically it is answered the same day, but with regard to the second category, I am asking whether you will be able to consider whether at the time the Legislative Assembly Department is informed that the question has been transferred to the next day, the Honourable Member who has asked the question will be communicated with.

Mr. President (The Honourable Sir Abdur Rahim) : I think that is dealt with in the statement.

MOTION FOR ADJOURNMENT.

NEGOTIATIONS BETWEEN THE GOVERNMENT OF INDIA AND THE PRINCES IN RESPECT OF FEDERATION.

Mr. President (The Honourable Sir Abdur Rahim) : Order, order. I have received notice of a motion for an adjournment of the business of the House from Mr. Satyamurti. The notice runs as follows :

" I hereby give you notice that I intend asking today the leave of the Honourable the President and of the House to move that the House do now adjourn to consider a definite matter of urgent public importance, namely, ' the attitude of the Government of India, as revealed in the answers to supplementaries on this question yesterday by the Honourable the Leader of the House, in refusing to consult the House or to give any undertaking to do so, before any final decisions are reached on the negotiations between the Government of India and the Princes in respect of Federation, and in refusing to inform the House how otherwise apart from the Government officials carrying on the negotiations, British Indian opinion is being ascertained or even if Provincial Governments who will be the most important units of the Federation have been or will be consulted '."

Is there any objection ?

The Honourable Sir Nripendra Sircar (Leader of the House) : I have no objection to take in this forum. (Laughter.)

Mr. President (The Honourable Sir Abdur Rahim) : The motion will be taken up at 4 o'clock.

THE MOSLEM PERSONAL LAW (SHARIAT) APPLICATION BILL.

PRESENTATION OF THE REPORT OF THE SELECT COMMITTEE.

Mr. H. M. Abdullah (West Central Punjab : Muhammadan) : Sir, I beg to present the Report of the Select Committee on the Bill to make provision for the Application of the Moslem Personal Law (Shariat) to Moslems in British India.

THE INSURANCE BILL.

Mr. President (The Honourable Sir Abdur Rahim) : Order, order. The House will now resume consideration of the motion :

" That the Bill to consolidate and amend the law relating to the business of insurance, as reported by the Select Committee, be taken into consideration."

Dr. P. N. Banerjee (Calcutta Suburbs : Non-Muhammadan Urban) : Sir, I come now to the question of supervision and control. In order to check abuses and stimulate healthy growth of insurance business in India it will be necessary for the Government of India to exercise an adequate measure of supervision and control, and for this purpose it will be desirable to appoint a well-qualified officer who will devote his whole time to this work. Sir, the success or failure of this measure will depend very largely not only

upon the character and capacity of this officer but also on the powers and responsibilities which are entrusted to him. In my opinion, the position of this officer should be one of a friend, philosopher and guide to the directors and managers of insurance companies and not that of a dictator ; and in this view of the matter I would prefer to call him the Adviser-General on Insurance and not the Superintendent of Insurance as it is proposed to call him in the Bill. But a name, after all, is a matter of no great consequence, and I will not fight the Government on this issue. But the powers which are proposed to be entrusted to this officer seem to me to be very wide and I would urge a substantial curtailment of them. It seems to me that the provisions of clauses 20 and 21 of the Bill are too drastic and will defeat the real object of this Bill, which is to help the insurance business in India and not to hamper it. We on this side of the House have always been opposed to vesting great powers in the executive. But I am glad to find that other groups also share this view. Only a few days ago, a distinguished member of the European Group, speaking on another question, observed that it was dangerous to vest large powers in the executive. This gentleman was not long ago himself a member of the bureaucracy ; and in support of his own proposition he quoted the opinion of a great writer and lawyer, the Lord Chief Justice of England, as expressed in his famous work the New Despotism. I would strongly urge that a substantial modification be made in these clauses of the Bill. What we want is that the powers of the Superintendent of Insurance should be such as are absolutely necessary for carrying out his duties but not more than what is absolutely necessary. In this view of the matter I urge that suitable modifications be introduced by this House. I would also request the Honourable the Law Member to consider whether it would not be desirable to establish a Board of Insurance, the functions of which will be to help and advise the Superintendent of Insurance and in exceptional cases to control his activities. Such a Board may be composed of representatives of different interests concerned, with a Government officer appointed as an ex-officio member. If this is done, the apprehensions of many of us on this side of the House will to a large extent diminish.

In this connection I desire to point out that a misunderstanding occurred yesterday when my Honourable friend, Mr. Sen, said that many persons on the side of the Opposition wanted that there should be no control or supervision at all. This is not quite correct. My friend, Mr. Sen, referred to the Honourable the Deputy President and observed that Mr. Datta had said that he did not require the Government to exercise any powers at all and he wished that a chaotic condition should prevail in the insurance business in India. Sir, this again is far from correct. If I understood my friend, Mr. Datta, aright, he said that he preferred the English system of insurance law to the Canadian system, and he further pointed out that the Clauson Committee had not advocated the placing of very large powers in the hands of the executive. We know that the Clauson Committee refused to place great restrictions on the working of the insurance companies. Mr. Datta urged that some freedom should be left with the management of insurance companies. I do not think it was his intention to go any further, and I fully support him in the view which he expressed. If the insurance companies are deprived of all initiative in the matter of their business they will be reduced to the position of so many automata. Sir, it is only in an atmosphere of freedom that business can grow and prosper.

[Dr. P. N. Banerjee.]

I will now sum up. I welcome this Bill, but I want to make this measure beneficial in all its aspects. Our first object should be to safeguard the interests of the policy-holders. But consistently with this, our next object should be to encourage indigenous enterprise. It should be our duty, in particular, to help those who need our help and protection most, namely, the small insurers and institutions like mutual companies, co-operative societies and friendly societies. For this purpose some important modifications are needed in the provisions of the Bill relating to deposits, investments, licensing of agents, and the position and functions of the Superintendent of Insurance. Sir, I accept the principle of exacting deposits from insurers, provided that the purpose is limited to that which was mentioned in the Clauson Report, and provided also that the amount is not very large and the full amount is demanded during a fairly long period.

Sir, in this connection I should like to read out to the Honourable Mr. Sen what he himself wrote only a few months ago. He wrote :

"There are companies which are unable to deposit a large sum all at once, but which are yet working on sound lines. It is, therefore, pointed out that the effect of making a provision for a very large initial deposit would not only be to eliminate immediately unsound companies that are carrying on assurance business of a doubtful and unsubstantial character, but also to squeeze out of existence small but sound companies. In my opinion it is highly undesirable that small but sound companies should be crushed out of existence merely on the ground that their business is small or that their capital is such as would not enable them to make an initial deposit of a very large sum of money."

The Honourable Sir Nripendra Sircar (Law Member) : How has he changed his opinion ?

Dr. P. N. Banerjee : In the course of his speech yesterday, he seemed to say that it was necessary that a very large amount of deposit was necessary. That is why I say that he has changed his opinion. On the question of investments, we are of opinion that there should be some restriction, but this restriction should not be so great as to deprive the companies entirely of their freedom to deal with their assets.

The Honourable Sir Nripendra Sircar : You want them to deal with their life funds.

Dr. P. N. Banerjee : Yes ; their life funds should be kept in such a way that they are secure. Indian Government securities and Provincial Government securities are not the only forms of securities which can be thought of. What did happen in Europe during the war and after the war ? All the Government securities became worthless. But this was not the case with some other kinds of securities, such as land.

The Honourable Sir Nripendra Sircar : What has happened to land now ?

Dr. P. N. Banerjee : Land is much more secure than any other form of security, especially in the larger towns.

The Honourable Sir Nripendra Sircar : No, Sir.

Dr. P. N. Banerjee : I should also like that the line between the existing companies and the future companies should be drawn more sharply. So far as the existing companies are concerned, it should be our duty to improve them as much as possible but not to improve them out of existence ; for, if many of these companies collapse, there will be not only loss to the shareholders but a disaster to innumerable small families.

As for the powers and functions of the Superintendent, I have already expressed my view that the motto should be—advice and guidance, and not authoritarian dictation.

Lastly, Sir, I would ask the Honourable the Law Member and this House to consider whether or not it is desirable to put a limit on profits made by insurance companies so that surplus incomes over and above the maximum profits may be distributed to the policy-holders.

In conclusion, I would appeal to this House to consider the details of the Bill with all the seriousness that it can command, keeping always in view the interests of the country as a whole.

Mr. Mathuradas Vissanji (Indian Merchants' Chamber and Bureau : Indian Commerce) : Sir, at the outset, I have to compliment the Honourable the Law Member for introducing such an important Bill as the Insurance Bill. He is indeed doing a service to the country. He has already done a service to the country by getting on the Statute-book the amended Companies Law. There is a feather already in his cap and he is going to have a second feather very shortly. I wish and hope that he will try to have one more feather in his cap by putting on the Statute-book a comprehensive banking legislation before he retires from his office. Thereby I am sure he will have done greater service than what he has been able to do hitherto.

Before I proceed further, may I be permitted to inquire from the Honourable the Law Member whether this Bill includes those underwriters or the private individuals who insure the cargo and the small crafts which ply in the coastal service. It is a very important point, and I would rather like to get an answer from him on that particular point.

The Honourable Sir Nripendra Sircar : Is there any doubt that he is included ?

Mr. Mathuradas Vissanji : I had my doubt.

The Honourable Sir Nripendra Sircar : Let me remove it. There is no doubt.

Mr. Mathuradas Vissanji : Thank you very much. It is a very important position. If he is going to be brought under the operation of this Act when it will be placed on the Statute-book, it will create very great hardship because these are small individuals who are doing this sort of work. They are taking risks which ordinarily other companies do not take, and the merchants who trade on the coastal line through the facilities of these small crafts will have to undergo lot of difficulties especially by the Deposits clauses of this Bill. They would be penalised to a certain extent. Perhaps the small craft business may be curtailed because if the cargo that is to be carried by these small craft is not insured owing to the hardship that may fall upon them by the operation of this Act, or

[1ST SEP. 1937.]

[Mr. Mathuradas Vissanji.]

the individuals who insure or make this business a regular business of theirs do not insure them, then the position will be that the merchants would feel very shy in doing this coastal work.

The Honourable Sir Nripendra Sircar : May I get an information from you ? Are you referring to the Bombay native craft or any other Association ?

Mr. Mathuradas Vissanji : I am referring to the whole coastal traffic carried in small country craft.

The Honourable Sir Nripendra Sircar : According to the representation which we received, the amount of their work is one crore a year. They are not small people.

Mr. Mathuradas Vissanji : Still, no insurance company is taking that work except a number of private individuals, and they have not got, as far as my information goes, the necessary capital that will be required of them to put in as deposits.

The Honourable Sir Nripendra Sircar : A crore is too little !

Mr. Sri Prakasa (Allahabad and Jhansi Divisions : Non-Muhammadan Rural) : A crore is nothing for Mr. Vissanji. It may be too much for you and me.

Mr. Mathuradas Vissanji : For that purpose, I intend to bring in some amendment to give the necessary relief for this trade.

During the introductory part of this Bill, the Honourable the Law Member as well as some other Honourable Members made some unkind remarks about the Bombay business. They were all made in good humour, but such remarks do come in season and out of season.

Mr. S. C. Sen (Government of India : Nominated Official) : They are only appreciatory remarks.

Mr. Mathuradas Vissanji : I do not grudge that. The position that has been attained by Bombay business has been due to its pioneering activity and its venturesome attitude in the past.

Mr. Sri Prakasa : Led by Lahore ?

Mr. Mathuradas Vissanji : We do not want to compete with them. Any pioneering work is always attended with big risks. People have to struggle hard, and whenever they attain a little bit of success, there comes the competition, foreign as well as internal. My Honourable friend, Mr. Sri Prakasa, also reminds me of the big jealousies created thereby. I do not say no to that. But that is unfortunately attendant on all pioneering positions. We, in Bombay, do not feel jealous of other Provinces and we always render any little help we can to any industry that is required out of our experience in any part of the country. (Interruption.) That is my experience, it may be otherwise to the interrupters. All the same we will be always very glad to see that the country is benefited in the long run even by getting competition into the interior of the country. If we had done spade work, and if we had achieved success, we do not mind if it is going to be copied for the benefit of the country in the various parts of India.

Then, again, it was said that Bombay was always sounding the big drum, and that it was creating a big noise. Let me tell my Honourable friend that Bombay has been pushed to this position by the attitude of the Government. The still small voice seems never able to reach the powers that be. That is the reason why not only Bombay, but also other parts of India had to resort to making big noise about their grievances.

Now, coming to this Bill, I am glad to know that practically the whole House has welcomed it in principle. It is a very welcome sign, and the more so that even Government Members and the Opposition have taken it very seriously, and decided that something ought to be done to improve the condition of the insurance business in the country. Only yesterday, my Honourable friend, Mr. Sen, quoted that in order to achieve our aim, we shall have to act according to the motto, do unto others as you would be done by, meaning that where foreigners are concerned, where they have placed obstruction in the way of our carrying on our legitimate business in their country, they shall receive similar treatment at our hands in ours, and they should not complain.

We come now to the British insurance people who have been carrying on business in this country for a long time past, and who have achieved a certain status in this country in this business. I appeal to them to accept at least the underlying principle of the Bill that has been introduced, and I appeal to them to help the indigenous growth of this insurance business which is essential for the advancement of the country.

Now, I come to the question of the Managing Agency system. I may tell you at the outset that I am not in favour of continuing the Managing Agency system as it stands today. It certainly requires improvement. It has been dealt with by the Select Committee in a certain way. I want to draw the attention of the House to this particular aspect of the Managing Agency system : What is going to be the position of the flotations of new companies which are necessary for the growth and expansion of insurance business in this country ? Some sort of adjustment will be necessary for this purpose. As I will just show you that in any insurance company the capital that is required in the ordinary course will be nothing less than about five lakhs if it is going to do life insurance work as well as general insurance work. If that capital is to be got together from the public, then the public would naturally ask one question, namely, "you want us to subscribe this capital, when do you expect us to receive some return for the capital that you want us to lock up in this insurance business" ? According to past experience no return will be possible for at least about seven years from the beginning. That is the experience in the insurance field. Now in these times when an investor is asked to invest any money in any concern, he naturally gets the answer of getting a return within about a year or two in any other concern, whether it be an industry or otherwise ; and an investor is generally desirous of getting a quick return as early as possible. Be it right or be it wrong, that is the position prevailing in the country at present. With that position if you want further flotations to be brought about, how are you going to get the necessary capital from the public under these conditions ? It will be very difficult. It is only the man who has got some interest, in any shape, who will be able to influence his friends and other people to get the necessary capital here and there and start a flotation. But in case that sort of convenience

[Mr. Mathuradas Vissanji.]

is not allowed in the present Act I am afraid further flotation of new companies which is necessary for the growth and expansion of insurance in this country will be hampered a great deal. So I want the House really to consider the question of the Managing Agency system seriously from that point of view, and see whether they are able to bring out any such position whereby that fear is avoided.

The position of the Indian and the non-Indian companies was referred to by my Honourable friend, the Law Member, and, if I am not mistaken, he said that if the provisions as contemplated in the Select Committee were to go out it will be the varying fortunes of that company with the share market running as it does at present, meaning that if some parties were to get the shares which will change the fortunes from one nationality to another, then it will be a fluctuating proportion from day to day. To a certain extent he is right but not wholly. Of course share business is prevalent in the way that he described, but the business done in the market would not particularly assign the shares to the buyer. He has got to go to the company for registering his purchase from the seller.

The Honourable Sir Nripendra Sircar : He need not. If it is a blank transfer, six men need not go, though the seventh will do so.

Mr. Mathuradas Vissanji : Even then the proportion does not change as I have just explained, because at the office of the Agent or whoever it may be, that man, bearing in view a particular section of the Act which restricts him from transferring a certain percentage, will see at the time of presentation of the transfer that he does not go beyond the limit prescribed for him. That is the safeguard for him. So it will not be the fluctuating fortunes of the company before any default is committed by the company themselves. But I am prepared to admit that it will restrict the business of the shares transactions to a certain extent and not more. Therefore, I do not think, that is a fear that need be entertained for not allowing this clause to remain there. It is the same principle that has been adopted by the Government of India in the past.

Coming to the side of deposits, I find that the Select Committee has provided for several instalments for the payment of deposits of the life insurance companies, but for the general insurance only two instalments have been provided. I believe that is going to be a hardship for the general insurance company. Those companies which generally are not able to collect sufficient funds for the reserve even after their existence for five or ten years in the general line,—though they are still very good companies,—for them it will be very hard to find funds as provided for in the Select Committee Bill to be lodged with Government in two instalments. I think it would be better if the same facilities were given to them as have been given to the life insurance companies. As you find, Sir, there are very few companies which are doing the combined work of fire, accident and marine insurance ; and if you were to impose this sort of hardship of paying a deposit of three lakhs or 4½ lakhs, it will be very difficult for these firms to continue as they do at present ; but if sufficient latitude is allowed I am sure they will be able to manage somehow to carry on their business without hindrance.

Sir, there are other points which I could touch upon at this time, but I prefer to deal with them at the time when particular clauses are considered.

Sardar Mangal Singh (East Punjab : Sikh) : Sir, I welcome the Bill as it has emerged from the Select Committee. As a matter of fact, such a legislation was long overdue. About 12 years ago the Indian commercial opinion demanded an amendment of the existing Insurance Act, and it was at that time that an important Member of the Swaraj Party brought forward a non-official measure, but at the instance of Government he withdrew his Bill, and the Government brought forward their own Bill. That Bill was dropped probably on account of the appointment of the Clauson Committee, from whose recommendations the Government wanted more light and inspiration from London. Sir, this Bill is a considerable improvement, and I hope and trust that with suitable amendments in some of the clauses, it would place the insurance industry on sound basis in this country. I am glad that the Honourable the Law Member has brought forward a consolidated Bill, dealing with all kinds of insurance business, and he has, as my Honourable friend has pointed out, just now added another feather to his cap, and if he brings forward another measure to deal with banking legislation, I think he will have the whole peacock sitting on his head ! The Honourable the Law Member will, therefore, be long remembered as the Manu of the Indian companywallas.

Sir, the Honourable the Law Member, when presenting the Report of the Select Committee, referred to the seductive literature which has come to him from certain quarters, and asked Members of the House to be careful about that literature. Sir, I wish to remind my Honourable friend, the Law Member, that so far as this side of the House is concerned, it is capable of resisting far more powerful influence. I want to remind him that he should take care of those Benches which often succumb to the influences, which are far more subtle, far more powerful and far more seductive as they emanate from London. I hope this time at least those Benches would not succumb to the influences which may probably be brought to bear on them from England.

Before proceeding further, Sir, I wish to appeal to the Honourable the Law Member that he should, after this Bill is passed, consider very seriously the question of the appointment of the Superintendent of Insurance. It will be freely conceded that the Superintendent of Insurance is the pivot of the whole scheme of the Bill. I say this because yesterday in answer to certain questions by my Honourable friend, Mr. Jinnah, the Honourable the Law Member gave certain replies which have raised doubts that this Superintendent of Insurance may not be an Indian. . . .

Sardar Sant Singh (West Punjab : Sikh) : Candidates are already in Simla.

Sardar Mangal Singh : Sir, there are distressing rumours that negotiations have already progressed very far, and that certain individuals have already been interviewed, and that an expert from foreign country will be imported. I am sorry the Honourable the Law Member is not here, but I wish to appeal to him, that, like the Honourable the Member for Commerce and Railways, he should take the earliest opportunity to announce that the Superintendent of Insurance would be a qualified and sympathetic Indian.

Mr. Sri Prakasa : His understudy shakes his head and denies it.

Sardar Mangal Singh : I hope his understudy would carry this message faithfully to his chief. Sir, the Superintendent of Insurance has been given very wide powers. He has been authorised to call for any sort of information, he can inspect books, he can order re-valuation if the first valuation is not proper, and, more than that, under section 28, he can order an inquiry into the affairs of the companies, and the language of this section reminds me of the language of the Criminal Law Amendment Act. Amongst other things, it is said that "an offence under this Act has been or is likely to be committed by an insurer or any officer of an insurer". This certainly, Sir, sounds like the language of the Criminal Law Amendment Act, and as my friend, Mr. George Joseph, pointed out the other day, this section should be suitably amended. The very fact that the Superintendent of Insurance has ordered an inquiry into the affairs of a certain company would put that company in a bad position. The agents of other companies will at once broadcast to the public that this company is going to be liquidated. Therefore, Sir, I would suggest that this section should be suitably amended. I do not mind official control over insurance companies, probably that is necessary to a certain extent, but my fear is that this enormous power given to the Superintendent will be used for purposes other than those for which it is intended by this Bill. I would particularly refer to the section which relates to the licensing of Agents. Licenses are to be renewed every year, and it is just possible that the Superintendent of Insurance may refuse a license on the report of a police Sub-Inspector. This is my fear.....

Sardar Sant Singh : No, no.

Sardar Mangal Singh : My Honourable friend says "No, no", but I expect him to have some experience of the Punjab police and how they work. In this connection, I am reminded of an incident which happened in this House a few days ago. A friend of mine, who is the President of the Insurance and Banking Clerks' Association, a member of the Working Committee of the Provincial Congress Committee, and whose name is Lala Ramchandra, came here. I got him a pass to attend the Assembly and to sit in the gallery. The Punjab police at once reported this matter.....

Mr. President (The Honourable Sir Abdur Rahim) : Order, order. The Honourable Member knows very well that arrangements regarding admission to the galleries are under my control.

Sardar Mangal Singh : I am not referring to it, Sir.

Mr. President (The Honourable Sir Abdur Rahim) : I cannot allow it.

Sardar Mangal Singh : Very well, Sir, I bow to your ruling. Before proceeding further, I would like to refer to what are called young insurance companies. So far as I have seen the representations of the young insurance companies and those of what are called the big insurance companies, their points of difference are very few. The Honourable the Law Member, the other day, raised the bogey that there is a difference, there is a clash of interests between the young and the old insurance companies. The young insurance companies want easy instalments for making their deposit, while the old insurance companies don't object to

it. The young insurance companies want some facilities in regard to payment of their deposit, which the big companies do not object to. I maintain, Sir, there are only two interests which clash, one is the Indian interest, and the other is the interest of the foreign insurance companies, including the companies of the country from which my friend, the Leader of the European Group, comes. These are the only two interests,—the interests of the exploited and the interests of the exploiter, and this House should see that the weaker Indian companies are given due protection and are allowed certain facilities to exist. About the young insurance companies, I should like to point out that in section 3 the time given for registration is only three months. Now, Sir, for young companies it would be difficult to collect Rs. 25,000 within this period. This period should be extended, so that they may have more time to get amalgamation or to transfer their business to other companies. Amalgamation procedure will take some time. I, therefore, submit, that either the payment of the first instalment should be made due on the 31st December, 1938, or this time should be extended. This is a real difficulty which I hope the Honourable the Law Member will very kindly remove.

This Bill embodies several important provisions which will safeguard the interests of the policyholders. As a matter of fact, the two tests or two criteria which I would apply to judge the merits of the Bill are, one, how far it protects the interests of the policyholders, and secondly, how far it gives encouragement to the indigenous insurance companies. These are the only two points which should be considered in dealing with this Bill. Let me take the first point. I am glad that provisions have been introduced to give a statutory right to the policyholders to elect their own representatives to the board of directors. As a matter of fact, most of the companies have already got this practice. They do elect certain representatives of the policyholders on the board of directors, but I am glad that a statutory provision has been made. I wish that the proportion of the policyholder directors should be increased further, the proportion should be at least fifty-fifty, because most of the money which the board of directors of insurance companies deal with comes from the pockets of the policyholders. It is, therefore, necessary, that their voice in the management, in the investment, and in the distribution of dividend should be pre-dominant. I hope that suitable amendment will be brought forward to this effect. Another provision has been introduced that the policy would not be called in question after two years for any mis-statement or any irregularity on the part of the policyholder. In this connection I wish to point out that another provision should be added that after three years no policy shall lapse owing to default of payment of premium; it should be automatically declared paid up. I am aware that there are clauses in most of the insurance companies' rules under which the policy is kept running by payment of premium from the surrender value of the policy. But this is not enough; moreover, it is not provided by statute. I want that some such provision should be added to the Bill and that policyholders should not lose their money. I would very much like to know, but I could not get the figures, as to how much money of the policyholders has been forfeited to the companies on this account. I know certain cases where, after the policyholders have been paying for 10 or 12 years and then stopped payment but do not write to the company about it within the days of grace, the policies have been forfeited, and in several

[Sardar Mangal Singh.]

cases the amounts so forfeited came to several thousands of rupees. I want that the policies should not lapse but they should be automatically declared paid up after three years' premia have been paid, even though the policyholder does not claim the surrender value of the policy or write about it to the company. Another important question in connection with the rights of the policyholders is the distribution of dividends. I am aware of the fact that most of the companies give 90 per cent. of their profits to the policyholders. This is probably due to the severe competition that they have to face. Companies have to announce big bonuses in order to attract more business. Their agents and their field workers insist upon the companies that they should declare more bonus to the policyholders. But even after that, the dividend to the shareholders amounts to large proportions. I would here refer to the report of my Honourable friend, Mr. Sushil Sen, who entertained us yesterday to a very eloquent speech. Mr. Sen says :

"In actual practice it is generally found that the major portion of the profits are paid out to the policyholders in the shape of bonus while a small portion is paid out to shareholders. The small portion which is paid out to shareholders, however, works out to a very high percentage. And that is what is objected to by the policyholders."

He states the position but I am sorry that in the next paragraph he states that there is no necessity of making any statutory provision to safeguard the interests of the policyholders. When they are dividing money, if in that division the predominance is that of the shareholders, certainly they would claim more share and the interests of the policyholders would suffer. I would, therefore, submit, that some provision should be made so that the shareholders shall not take more than a certain amount of dividend on their shares. In certain companies the evil of one man's show often comes in. A certain big individual, a certain rich man, purchases the shares of the insurance company and by so purchasing he becomes the master of all the monies of the insurance company. He puts up dummy directors and the policyholders are not there and so he can do whatever he likes with the profits of the company or with the monies of the company. So, a provision should be made to limit the right of voting of the directors and of the chairman. In this connection, I would submit that no chairman or director should be given more powers than he is entitled to according to the qualification shares of a director. He may invest more money, but he should not be given the power of voting more than the qualification share of a director. Another question which affects the interests of the policyholders very deeply is the investment of their monies, and I am surprised at the wording of clause 26 of the Bill about investment. The investments provided by this clause, with due deference to the members of the Select Committee, I should say, are most unwise and unscientific :

"Every insurer carrying on the business of life insurance in British India shall, in respect of the life assurance business transacted by him in India, keep in British India invested in securities of or guaranteed by the Central Government or of or guaranteed by the Government of the United Kingdom, assets of an amount at least equal to the liabilities of the insurer to policyholders in India."

Now, Sir, they put the whole money in one kind of investment. I ask is it wisdom or is it good business to put all your eggs in one basket ? Supposing war breaks out tomorrow, what will happen to all these blooming

Government securities. When the war broke out last time, they depreciated and in 1930, when the prices of commodities went down, they depreciated considerably. They came down as low as 53 per cent. and at that time most of the companies who held their funds in those securities were put to very great difficulties, and many companies suffered losses at that time. I would, therefore, suggest, that the section should be amended and split up into three parts. There is no provision about the investment of funds of the general insurance companies. Most of the general insurance companies are foreign companies and in those companies the money of the Indian policyholders is invested. I ask, with due deference to the members of the Select Committee, what will happen if war breaks out tomorrow, and these blooming fellows clear out of the country. It happened last time when war broke out and the German companies cleared out and the policyholders had to pay their premium again to cover their risk. What safeguards have you provided in this connection to safeguard the interest of the policyholders.

Mr. M. S. Aney (Berar : Non-Muhammadan) : Who are expected to clear out if war breaks out ?

Sardar Mangal Singh : The Italians, Germans and the Canadians.

Mr. T. S. Avinashilingam Chettiar (Salem and Coimbatore *cum* North Arcot : Non-Muhammadan Rural) : Do you think that the British will remain here for all time ?

Sardar Mangal Singh : They will also clear out if they are defeated in France. I would suggest in this connection that a sub-clause should be added, that 40 per cent. of the net premia of the general insurance companies should be invested in India and held in trust for the company. This is a great omission in this section. They have provided only investment. They have provided that foreign companies should invest their money in Government securities. They go to the market, sell their securities and pack off. What is the security that the Government security will be kept in India. I, therefore, say, that this money should be kept in trust for the company. This Bill, I understand, is based on the lines of the Canadian Insurance Act. In that Act it is provided that the money of the foreign companies will be invested in Canada and held in trust for the companies. That is very important and that should also hold good in the case of money invested by the general insurance companies. That is the first clause. In the case of the non-Indian insurers, their money should be kept in trust. Their money should be invested in India and kept in trust for those companies. They should not be allowed to deal with their money as they please. If that happens, the interests of the policyholders will suffer. The object of the section is that the interest of the policyholders should not suffer and the foreign companies should be required to keep the whole of their investment in trust in India.

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

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

Sardar Mangal Singh : Sir, when the House rose for Lunch, I was referring to the question of investments dealt with in clause 26 of the

[Sardar Mangal Singh.]

Bill. I was saying that all non-Indian insurers, whether general or life, should be required by law to put in their legal reserve in India and it should be held in trust for them. As regards the Indian insurers, I would submit that the provision in this clause is most objectionable from more than one point of view. No wise business man would put all his eggs in one basket and much less in Government securities which appreciate and depreciate according to the exigencies of the political situation. Moreover, the yield of interest is very small. It is in the interests of the policyholders, therefore, that the investment of their funds should be so arranged that it should be put in different places and, if the companies lose in one place, there should be a corresponding gain in the other. What I want to say is this, that the investments should be well-balanced, and, therefore, we should give more latitude to the insurance companies to put in their investments. I would submit that in Government securities I would not invest more than 20 to 25 per cent. In the original Bill it was 33 per cent. and I am surprised that the members of the Select Committee have agreed to this provision that the whole of the legal reserve should be put in Government securities. This is really very surprising and I will not mind if the proportion to be invested in trust securities is increased. I am prepared to go up to even 40 per cent. but I would include buildings in this sort of investment. There are, I submit, several companies who, not knowing the provisions of this clause, have built their own buildings, head offices, branch offices and other buildings. It would be difficult for them to take out money from this item and put it in some other item. I would, therefore, submit, that buildings should be included in the second item. As regards the remaining portion, I would submit that a list of sound investments should be drawn up and to this list. That would safeguard the whole of the legal reserves of the policyholders. While I am on this clause, I would like to refer to sub-clause (3) of clause 26. Under this sub-clause no insurer shall grant loans or temporary advances, etc. I am glad that this provision has come in but I would commend to the attention of the Honourable the Law Member that if even temporary small loans to managers, secretaries and managing directors are prohibited, this will really be a case of hardship. Supposing a secretary of a company is going on tour. India is a country of long distances and he will certainly require some advance money to be spent on the tour. Then, the manager of a branch office wants a car so that he may be able to discharge his duties more efficiently and to be able to bring in more business to the company. It should be permissible to give him some advance to purchase a car under certain conditions. I submit that such cases should be exempted. It should be lawful for the manager, the secretaries and the other officers of the company to draw small advances from the company for the purpose of their travelling expenses.

The next point which I would like to bring to the notice of the Honourable the Law Member is the limitation of expenses. Here, again, it is in the interest of the policyholders that some check should be placed upon the expenses of the companies. I am surprised to see that in this Bill no bases have been provided for the valuation. It is provided that if there is a wrong valuation or if the company goes wrong or if the actuary

commits a mistake, the Superintendent of Insurance will re-order valuation. Why should you take a chance? Why not indicate certain lines within which the company should remain and the actuary should also conform to those lines. At present, according to the old law, there is some basis by means of which 90 per cent. of the first year's premium and 7½ per cent. of the single premium or of annuity premiums is deducted from the first year premium and the rest is put in the renewal expenses. I would submit that some formula should be laid down here for the guidance of the companies and the actuaries. It should not be left to the whims of the actuaries or the whims of the management of the company to order their valuation in whatever way they like and pounce upon them after they have done it. Some of the companies generally assume a larger rate of interest. It should be provided somewhere that the rate of interest assumed should be at least one per cent. less than the rate of interest earned. Again, some companies reserve less for the future expenses than they actually incur. For instance, they would reserve 20 per cent. for their future expenses while their actual expenses are more than that. I would submit that some provision should be made by which a company should not be allowed to reserve less than they actually spend. I would go even further and say that the company should reserve more for the future expenses. Anyway, they should under no circumstances be permitted to reserve less than they actually spend. This brings me to another important question, the limitation of commissions. This, I know, is a controversial subject and the Honourable the Law Member has taken up a strong attitude against it.

Sardar Sant Singh : Not against it.

Sardar Mangal Singh : He spoke against it, but I shall be glad if I am contradicted.

The Honourable Sir Nripendra Sircar : I said that I kept an open mind on that. If it is about to be closed, you can open it now.

Sardar Mangal Singh : I am glad that the Honourable the Law Member seems to have an open mind on this subject. When we are limiting the total expenses of the company, it is also desirable that we should limit the commission expenses as well. The Honourable the Law Member said the other day that when we have made illegal the rebating, the agents would demand less from the companies. It was for this reason that I thought that he was not in favour of the commission. He said that when the rebate is checked, the higher commission would automatically fall. I would submit that the companies have got agreements with the agents. Some agents at present are getting 80 or 90 per cent. of the commission and if the rebate is stopped, they are not going to get less. They will demand the same commission. They would go to the court and sue the company for the commission because it is given to them under a contract. So, I say there should be some provision in this Bill that the companies should not pay more than a certain amount of commission. As regards the proportion, I would like to make a graded provision in this respect keeping in view that it is difficult for the younger companies, as compared with older companies, to get business in the market. They should be allowed a ten per cent. margin above proportion fixed for the bigger companies. If we stick to the original provision in the Bill, 40 per cent. for the bigger companies, then 50 per cent. should be provided for companies which are less than ten years' standing.

The Honourable Sir Nripendra Sircar : May I make my position clear ? Sardar Mangal Singh may be under a misapprehension. Among other reasons why I did not press for the fixing of a maximum commission is as I do not know what the House is going to do about the Managing Agents. If you allow the Managing Agents to take away 50,000 or two lakhs a year, you are swallowing a camel while straining at a gnat.

Mr. Husenbhai Abdullabhai Laljee (Bombay Central Division : Muhammadan Rural) : Is this an example of an open mind ?

The Honourable Sir Nripendra Sircar : You show it to me that it is not a camel.

Sardar Mangal Singh : In the case of younger companies, ten per cent. margin should be given over and above the bigger companies. Further, for the branch expenses and for the expenses of the Chief Agent, twenty per cent. further provision should be made for all companies. In the case of those companies which are very much older, which have a huge capital resource and huge funds behind them, a further limitation should be made in their case. I would submit that in the case of companies which are of more than fifty years' standing, 35 per cent. should be the maximum commission. I have submitted that a certain proportion of the commission should be fixed for the Agent. I hope that the companies will not spend the policyholders' money. In the premium tables of all companies, there is provision for expenses. There is what is called the office premium and the net premium, the difference between the two being the provision for expenses. If they exceed that limit, it means that either they spend the shareholders' money or the policyholders' money. I should submit that they should not be allowed to exceed that limit. Let them spend in whatever way they like, but they should not exceed that limit. As regards management expenses, I submit that they should be split up into two parts, so that the public may know what amount the directors are drawing and what amount is paid to the establishment and to the field workers. Now, at present, in the balance sheets, this is mixed up and nobody knows what amount the managing director or the managing agent is getting and what amount the field workers or the establishment are getting. So far I have dealt with the interest of the policyholders. I would now say a few words about the protection to the indigenous companies.

I am sorry that the Honourable the Leader of the European Group claimed fair field and no favour. I accept that position, but there should not be unfair field and favour. There are companies with huge surpluses, with huge funds, giants coming in competition with babies, competing with companies with very slender resources. Is it fair competition ? I would appeal to the Honourable the Leader of the European Group who is a Britisher, and every Britisher loves to observe the rules of the game. I would point out to him that when they come here they claim fair field and no favour because it suits them ; but when it does not suit them, if there is any department of commerce or industry in which they cannot compete on equal terms, then they would say, protection for British interests. I would put it to my Honourable friend, what about shipping ? They always clamour that British shipping should be patronised. Are they prepared to go and compete with " fair field and no favour " with the Japanese ? Why are they raising barriers against them ? Why are they

claiming imperial preference ? Because it suits them, it suits their purpose ; but whenever it does not suit them, they ask for favours. Big companies like the Prudential come here and compete with smaller companies and they say it is fair field and no favour. It is unfair field and disfavour. I would, therefore, appeal to the House that the Indian companies should be given reasonable protection. This is the age of economic nationalism. Every country is protecting its commerce and industry. We should also do the same. But I do realise there is legal difficulty with which my Leader or the Deputy Leader will deal. But I must say that the section brings into bold relief our helplessness, the inability and the high-handedness of the British Government. Under these conditions, we shall not be able to compete with foreign companies or protect our industries. If there is any discrimination, they will at once claim protection under the Government of India Act and we cannot give any protection to our industries. I put it to the Honourable the Law Member what about clause 3-A ? I do realise his difficulties, in his heart of hearts he wants this section, but he is in difficulties. I quite sympathise with him.

As regards general insurance companies, I should like to say a few words. The Honourable the Law Member the other day said that it is in the interests of the general insurance young companies that limitation of commission should not be allowed. They should be allowed to spend more. There is a fallacy in that argument. What is the position in Bombay whom the Honourable the Law Member called the big Bombay business. But really in the general insurance line, they are up against foreign giants. The Bombay general insurance companies are mere babies as compared with the foreign giants. As regards the general insurance the commission rates have gone very high since foreign companies came to the field. It was, if I remember aright, in 1927, fifteen per cent. plus ten per cent. profit commission. It has now gone up as high as 47 per cent. plus ten per cent. profit commission. These young Indian companies, with not much capital, when they write some business they have to pay their Agents 47½ per cent. and by reinsuring they get 40 per cent. They stand to lose 7½ per cent. thereby on every transaction. They are small companies. They cannot retain much risk and, therefore, on these transactions, they earn less. The smaller the company the less the amount of risk it will retain and the less would be its income. The bigger the company, the bigger would be the amount of risk retained by the company and, therefore, the larger would be its income. Therefore, this argument that the limitation of commission would go against the general insurance companies is contrary to facts. I would humbly request the Honourable the Law Member to point out one single general insurance company in India which has not demanded the limitation of commission. I would be glad if I am contradicted. Every Indian general insurance company has demanded the limitation of commission. All of them have said that if there is no limit put on the agency commission, it would be impossible for them to carry on as against the foreign companies. And I am told even the foreign insurance companies also would welcome the limitation of commission because they also are in difficulties. I would, therefore, submit, that at least in the case of the general insurance companies the commission should be limited. As regards the other forms of help which we can give to the Indian companies, I am glad that the Deputy Leader of my Party has tabled an amendment to that effect that all insurance controlled by the local bodies and Provincial Governments

[Sardar Mangal Singh.]

and under the charge of the protected industries should go to the Indian companies. Why should it not go to the Indian companies?

The Honourable Sir Nripendra Sircar : Would that not be equally hit by the Government of India Act?

Sardar Mangal Singh : It is for you and the other Leaders to solve that question. I recognise there is a difficulty but we should get over that difficulty, and I invite the co-operation of the Leader of the House and of Honourable Members opposite to amend the Government of India Act, and if it is not suitably amended, to tear out this Government of India Act which stands in the way of the progress of our national industries and commerce. Are we going to tolerate such halts round our necks and such handicaps and drawbacks? In these conditions it would be impossible for Indian industries and Indian commerce to develop.

Sir, before I sit down, I should like to say a few words about the employees and agents of insurance companies. The employees of insurance companies are very poorly paid; they have to work long hours; they are not helped even by the Trade Unions Act, because they are not considered to be manual labourers. The insurance companies do not provide any facilities for them; some companies do not provide even provident funds. And the most important thing is that some insurance companies do not even recognise the unions of the clerks. I submit that somehow or other,—I cannot say how,—a provision should be made that the companies should at least be forced to recognise the unions of the clerks of the insurance companies. As regards the agents,—without agents, no company can go on; and if an agent is a good agent and puts in faithful service for some years or writes some amount of business, his renewal commission should be made permanent under certain conditions. I do not want to give the whip-hand to the agent, but I do want to protect his legitimate and reasonable claims. When the agent has put in his best years, say 25 or 20 years, and he is drawing a decent amount of renewal commission, some of the companies,—I do not say all,—turn him out on some pretext or other. I think such cases should be provided for, and his rights should be some how safeguarded, that if he has put in certain years of service and has put in some amount of business, his renewal commission should be safeguarded under certain conditions.

Sir, I support the motion that the Bill be taken into consideration.

MOTION FOR ADJOURNMENT.

NEGOTIATIONS BETWEEN THE GOVERNMENT OF INDIA AND THE PRINCES IN RESPECT OF FEDERATION.

Mr. Deputy President (Mr Akhil Chandra Datta) : I have got an announcement to make with regard to the adjournment motion of Mr. Satyamurti. It has been disallowed by the Viceroy and Governor General on the ground that the motion cannot be moved without detriment to the public interest.

THE INSURANCE BILL—*contd.*

Mr. Brojendra Narayan Chaudhury (Surma Valley cum Shillong : Non-Muhammadian) : Sir, the Bill for discussion before us is the one which has emerged from the Select Committee; I believe this House considered the original Bill on a previous occasion. Before I came to this House I thought that the original Bill was fully considered by this House, and I had also believed that the underlying principles of the Bill had already been accepted before the Bill had been sent to the Select Committee for improvement. But from the debates which I had the privilege of listening to in this House it appears to me that there is no consensus of opinion at all. I even doubt whether there is any consensus of opinion here that the Bill should be proceeded with at all. And from the trend of at least some of the speeches, I would not be surprised if a motion be now made that the Bill be dropped or that the Bill be sent to another Select Committee. I am almost inclined to make that motion myself. I will give my reasons presently; but I find that the House as a whole seems to have been tired over this matter which has been hanging for more than a year. I shall also be considerate to the Government side, particularly to Mr. Sen, who has been working on this Bill for more than a year. He has bestowed a lot of labour on this Bill. I hope he will allow me to thank him for his lucid report full of information and also for many of the conclusions, though I am bound to say that I do not agree with all his conclusions and I cannot see how all those conclusions are arrived at from the facts and figures that he has collected. I shall deal with some of these at a later stage.

The Bill which has emerged from the Select Committee is rather embarrassing to us. The Select Committee consisted of 3 P. M. Honourable Members of this House with talents and probably also with special experience. They were requested—at least it is intended that the Members of the Select Committee would make an intensive study of the Bill and make improvements thereon. Now, Sir, looking at the report of the Select Committee what do we find? Out of 12 members of the Select Committee, I believe almost all of them have appended dissenting notes, and the number of dissenting notes are as many as six. What could be value of the labours of the Select Committee when the House is faced with six different voices from Members of a Select Committee who were considered to be men of talent and experience? In one of the dissenting notes at the bottom of page 1, I find that as many as seven clauses have been put down as requiring further consideration. Whether the Honourable Members who signed these dissenting minutes wanted time, I do not know, but if they wanted time, I am sure the Honourable the Leader of the House, who presided over that Select Committee, would certainly have allowed them further time. I believe time was not a factor in appending such strange minutes of dissent. Were they bound by party affiliations? I believe, Sir, that Members of this House who are appointed to Select Committees should have no party affiliations so long as they are members of the Select Committee. They are selected as experts and for their special experience of the subject. If they think that they are bound by party affiliations, I think they should have consulted their party beforehand. Therefore, Sir, I submit, that this Report of the Select Committee is of little value to us, and the Bill as it has emerged from the Select Committee is also of little value as an improve-

[Mr. Brojendra Narayan Chaudhury.]

ment,—and this is apparent from the way in which the discussion has been carried on during the last two days. Sir, in the discussions before the House, no distinction has been made between the original Bill and the Bill as it has emerged from the Select Committee. I was not present when the Bill was originally considered, and I would, therefore, take the liberty of discussing the original Bill as well as the amended Bill.

With your permission, Sir, I should like to go to the root of the matter and review the history of this measure from the year 1912,—the year in which the Council passed the existing Law. That law was framed with a view to see that insurance companies kept a sufficient deposit by way of security so that the interests of the policyholders might be sufficiently safeguarded. Of course, the Government reserved to themselves the right to come down on any of the delinquent companies. That power was quite inadequate, and consequently some of the companies have come to grief already or are likely to come to grief in the not distant future. In that aspect I agree with the conclusions of Mr. Sen. But luckily the number of such companies is not very large,—I believe they number about 15 or 30 in all. This number is not very large when compared to the total number of Indian companies operating in India. Perhaps the number may be well over 200, or somewhere near about 250. Therefore, these figures, so carefully collected by Mr. Sen, ought not to make him panicky. After all, in spite of the failures of one in the Punjab and one in Bengal, the situation is not very bad. Sir, you might enact any number of laws, you might try and enforce your laws very rigorously, but still you will find some companies failing to fulfil the conditions, and there will still be delinquents. Your stringent Penal Code has not altogether prevented crimes. Sir, here I may say that it should not be considered that I am opposed to enacting laws for the better regulation of insurance companies, to safeguard the interests of the policyholders, and also to see that all Indian insurance companies get a fair field for extending and enlarging their business so as to put the insurance industry on a sound and economic basis. I recognise, Sir, that no country can flourish without a good insurance and banking industry.

With regard to invasion by foreigners, I will leave the protection of frontier of insurance field to the frontier people. I do not mean our good friend, Mr. Quiaum of the land frontier, but our big guns from the maritime frontier, those from Bombay and Madras as the invasion is from the sea especially in the marine and fire. I shall concern myself with the consideration of life insurance only. Sir, I have agreed that we ought to have some sort of legislation. We ought to see that insurance concerns who are called insurers in this Bill do conduct their business with integrity and efficiency. What test could be devised for sorting out the dishonest and inefficient people from the honest and efficient people? You cannot put down in a Bill that only honest and efficient people will be permitted to start the insurance business. That cannot be done. The Superintendent of Insurance, whom it is proposed to appoint under this Bill, will not be able to find out readily who is honest and who is not, and, will show who are the people who can be relied on to start and run the insurance business efficiently,—and the phrase my friend, Mr. Sen, has used in regard to such people is “substantial people”. The object is

that substantial people should be at the back of an insurance concern; such people should be the promoters of the company. I quite agree there. But, Sir, what should be the amount of deposit required from these companies? The figure in the Bill of 1912 and also in the present Bill is put down as two lakhs. It was Rs. 25,000 initial deposit, and Rs. 50,000 in the present Bill. May I ask my friends opposite on what basis they have arrived at this figure of two lakhs deposit? I ask them why should it not be Rs. 15 lakhs—why should it be Rs. 50,000 only. I have carefully scanned through the Report of Mr. Sen to find out by what means he has arrived at this figure, and I have failed to find out the basis on which he has arrived at this figure. I have compared the figures in England. In England the deposit asked for is £20,000, which at the present rate of exchange would come to Rs. 2,60,000.

Now, if the deposit in England is Rs. 2,60,000, I claim, assuming that there should be a deposit in this country,—I will discuss that point later on, I want to challenge it—I claim that the deposit here cannot be more than one-third of that required in England, because the size of the companies in Indian money value in England must necessarily be bigger as that country is far more prosperous. If, in our country, insurance for Rs. 1,000 and 2,000 is common, in England, I believe, insurance for Rs. 5,000 and more is the common thing. I do not think that a deposit is at all necessary. Why? Under the old Act of 1912 some of the companies had come to grief. Why? Because there was no supervision and the Act did not provide for any real supervision at all. The Government of India was armed with the power of coming down upon a company only when it knew that the company had gone wrong, but in this Bill you have provided, and rightly provided, for supervision and care from the very day that the company is born. You have arranged for all sorts of returns and accounts for publicity. Your Superintendent of Insurance will be apprised of the state of a company at any rate, even if the very moment that the company goes wrong. At any rate, even if the Superintendent is satisfied with formally doing his routine work and passing returns, he will be apprised of it within a year. Therefore, I say that the deposit is quite unnecessary. If the Government think it necessary that the supervision should be more strict, they can bring forward amendments and I am sure that the House as a whole will consider those amendments favourably. So far, I find that very little objection has been taken to the powers of the Superintendent except in one or two minor details. For instance, it has been said that the power given to the Superintendent to call for books from the company's office, to his office, may handicap the company in carrying on its daily work. I am sure the House will agree and the Government also will agree that the company ought not to be so handicapped, but that is a matter which I feel is not really for this House. The matter could easily be arranged if the Honourable the Leader of the House would consult his actuary as to how the Superintendent may not be handicapped in his work while at the same time seeing that the company's work is not handicapped. Suppose we pass the clause about two lakhs deposit. Would it help the policyholders, say, after ten years when the company comes to grief? It is admitted in Mr. Sen's report and it is known to everybody that this Rs. 2 lakhs deposit will only be a very small fraction of the total liabilities to the policyholders. So, as a safeguard against the liabilities to the policyholders this deposit is illusory and it

[Mr. Brojendra Narayan Chaudhury.]

has been admitted in Mr. Sen's report. It is a sort of earnest money. I say that this earnest money is not required because the insurance company will be under constant supervision. If the House decides to retain this earnest money I would ask it to consider if it would not handicap growth of new companies. I say, without fear of contradiction, that if you require two lakhs as deposit and Rs. 50,000 as working capital no company can be started outside the capital towns and the big industrial towns, and no company can be started in provincial towns, and none in Assam, at any rate, because the promoters will have to gather at the very start Rs. 2½ lakhs. May I ask the Government to give me an instance of any company started in any line in Assam which had, at the very start, so much capital? Yet we know, probably the House knows that we have many flourishing concerns in Assam. They started with very little capital and in a small way, and this also applies to neighbouring districts such as Comilla, which has a good reputation for banking and insurance. From a small beginning one of the companies has been so built up that it has an office at Calcutta with six or seven branches. Is it intended that the profits of insurance should be reserved for substantial people according to the ideas of the Government, which means people who can readily raise a fund of 2½ lakhs?

My Honourable friend, Mr. Mathuradas Vissanji, argued, that if you abolished the Managing Agents, as is proposed to be done in this Bill, it would not be possible to raise this Rs. 2½ lakhs. He said that as a good businessman who has had a lot of experience. He gave out the truth when he uttered that. That is also my experience. If Managing Agents are going to be abolished what does his argument come to? He practically says that no company can be started. We have heard much about the nationalisation of this business. Nationalisation is yet far off, but we should move in the right direction. I am told that even in Germany, about which I heard that there are many State insurance schemes,—the whole field is not yet nationalised. Only there are some labourers' insurance schemes and so on. We are far from nationalisation yet, but I say that this Bill is a retrograde measure if we move towards nationalisation. At present the profits of insurance go to proprietors; they are being distributed among the big folk, middle folk and small folk. But what does this Bill want to do? It wants to drive out the small man from the field. It wants to give a monopoly to the millionaires of Bombay and possibly of Calcutta. I ask Honourable Members of my Party, have not Mahatma Gandhi and President Pandit Jawahar Lal Nehru said, that the Congress is for all but Congress is particularly for the masses and the small men? We must stop this depredation by the big folk of the small folk under the plea that they are fighting our frontier battles against the foreign invaders.

Now, as regards investments. I believe it will be apparent to the House that I do not want any interference with investments. I do not discuss in the words 'Canadian' and 'British' because these two words which were used by Mr. Akhil Chandra Datta have been misunderstood by this House. I shall not place before the House any theoretical considerations but I want the Members of this House to bring to bear their own experiences on the report of Mr. Sen and apply common sense to it and come to some agreement. Why should investment be interfered with? The plea is that the interests of the policy-

holders have got to be safeguarded. I say that the interests of the policyholders will be safeguarded by the Superintendent. He is given the power of supervision with that end in view. If by a particular investment the affairs of a company are deteriorating, then the shareholders can come down upon that company. Now, various schemes of interference have been proposed. The original scheme was one-third to be invested in Government securities. The Select Committee have gone a step further. It has decreed that the whole amount of liabilities of policyholders should be invested in Government securities and in certain approved securities. Though they are called securities, they are not always secure.

An Honourable Member : Very insecure.

Mr. Brojendra Narayan Chaudhury : During the War, we had very unpleasant experiences of these securities. The value of Government securities can be manipulated by politicians and they can also be manipulated by the Honourable the Finance Member to a certain extent. So, it is not very secure. If you are still suspicious of freedom of investments, I would like the House to accept the scheme given by Mr. Sen with slight alterations. He says that 40 per cent. is to be invested in Government securities, 20 per cent. in trust funds and the balance as recommended by the Clauson Committee with certain restrictions. I would like to draw the attention of the Honourable Members of this House to Mr. Sen's report, paragraph 110, on page 29. The restrictions are that no portion of the funds shall be invested without the leave of the court directly or indirectly in any share or interest in any insurance business whether carried on within British India or elsewhere, that no portion of the funds of the company should be given as loans to directors, managers, etc., and no loans shall be given to any company or firm in which any director or officer is directly or indirectly concerned. It appears to be the notion of some Members of this House that if these insurance companies undertake business in building, they will come to grief. As a reply to that, I would suggest to Honourable Members to note that there is an insurance company in Calcutta which is a very flourishing concern, because it has gone in for building.

An Honourable Member : Name it.

Mr. Brojendra Narayan Chaudhury : I don't think it would be proper to do so. It is a famous company at the head of which there is a famous man. I have dealt with deposits and investments.

Now, I come to the Superintendent of Insurance. I have said that the only purpose of this legislation should be to appoint a Superintendent and give him ample powers of inspection. As regards his powers, he was in the original Bill required to take the sanction of the Governor General in Council before instituting any legal proceedings. The Select Committee, strangely enough, have made the Superintendent something of a dictator. Probably the Members of the Select Committee think that they have improved the Bill by increasing the number of shareholders and increasing the amount of interest held by them and also by requiring affidavit to be sworn if they intend to apply to the Superintendent, and that this is better than the sanction of the Governor General in Council. The avoidance of the sanction of the Governor General will lead to intrigue by a

[Mr. Brojendra Narayan Chaudhury.]

small number of shareholders who are in league with the Superintendent and I am quite sure that within a year or two this House shall hear of scandals, similar to those which were ventilated in the provincial council of Assam by Mr. Bardaloi, a late Member of this House. He said that the Superintendent of Excise in Assam was a richer man than the Governor. He draws by way of salary and emoluments, legal and illegal, much more than Rs. 5,000 a month.

The Honourable Sir Nripendra Sircar : I think the Honourable Member must withdraw that expression.

Mr. Brojendra Narayan Chaudhury : This fact was mentioned in the Council and Government could not contradict it.

The Honourable Sir Nripendra Sircar : On a point of order. Is the Honourable Member entitled to attack a particular officer and say that he accepts illegal gratification?

Mr. Deputy President (Mr. Akhil Chandra Datta) : In the first place, he has not named the particular officer, and, in the second place, he is not making a statement of his own. He is simply reproducing some statement made by a certain member in a Provincial Legislature.

Mr. Brojendra Narayan Chaudhury : I am simply quoting, though not verbatim, from the Council reports which are public documents.

The Honourable Sir Nripendra Sircar : What is that post? Can I apply for it?

Mr. Brojendra Narayan Chaudhury : It is the post of the Superintendent of Excise. It is a very good post, and I will advise you to apply for it, if within age.

Now, Sir, I came to the licensing of agents. Before the Honourable Mr. Sen spoke yesterday, I did not know at all the reasons for licensing. But Mr. Sen yesterday tried to convince us that licensing is necessary. He spoke not only of the nefarious practice but the nefarious trade of the agents. I take strong exception to that.

Mr. S. C. Sen : I think my Honourable friend misunderstood me. I never said nefarious trade. I said the nefarious practices for which he might be convicted.

Mr. Brojendra Narayan Chaudhury : Thank you very much. Probably it might be a slip of Mr. Sen or we might have heard him incorrectly. I would like to know if Mr. Sen or the Government have any reliable information which would show that the agents were doing the nefarious work on a very large scale. Can Government produce any such information? If not, then they have not made out any case for licensing the agents. Then, Sir, why should they license the agents? We were told by the Honourable the Law Member, in his opening speech on this Bill, that in a matter of contract between the insurer and the agent, why should the law interfere? Why should this House interfere? He was speaking then on the subject of the claim put forward in this House on behalf of agents, that when a company dismisses them or when they leave the company, they should get their renewal premiums. In that connection, he put forward this argument. I put forward his own argument now by saying why should we interfere

with the employer and the employed since you have not interfered in other cases and this is not the policy of the Government. Of course, my friend, Mr. Ranga, would interfere some day on behalf of the peasants and labour, but that day is not yet. The Honourable the Law Member refuses to interfere in one case but he interferes in another case. That is my complaint. Clause 110 of the Bill gives the Government power to prescribe the rules according to which agents' licenses will be issued. I make an appeal to Honourable Members of this House who love individual freedom, particularly to the Members of my own Party, whether they are going to subject an innumerable number of agents, small men and starving graduates, to be the *jo-hukams* of the Superintendent of Insurance. Will this clause and the rules that will be made under it further the cause of Indian freedom? I put this matter to all Members of this House who want to see not only individual freedom, but national freedom to consider it seriously.

Then, Sir, the Select Committee has further improved this point in the Bill. I mean improved it the other way. It is a minus improvement. I find that in most clauses the Select Committee has improved the Bill in a negative way. What do they say? They say that the licences will have to be renewed every year and a licence fee of Rs. 3 will be paid every year. I think it is to help our friend, the Honourable the Finance Member, with a little money so that he may defray the expenses which may be necessary in enlarging the staff of the Superintendent of Insurance as suggested by Mr. Sen in his report.

This piece of legislation was held up for many years in order to get the benefit of the report of the Clauson Committee. But we find that the recommendations of the Clauson Committee have been disregarded in this Bill. The Clauson Committee was not in favour of driving out small companies having sound business. I would draw the attention of the Honourable Members to a portion of the Clauson Committee's report. They say :

"We have to be as sure as humanly speaking we can be that we are not for injuring sound companies which are working with small capital."

I hope it will be conceded that a small capital in England is not the same small amount as it is in this country. Then, I would refer the House to the Council report of 1912 which is in favour of Clauson Committee's report :

"A well-known and a perfectly sound society, whose funds were deposited with the official trustees, came to us and showed me that their total funds at the present moment only amounted to three-quarters of a lakh. . . . I can assure the Council that Government have considered the matter most anxiously and carefully with the sole end in view of arriving at an amount which, while affording reasonable security against the growth of mushroom companies, will not be unduly burdensome on small but legitimate business." (Ibid pages 510, 511 of Minutes of 1912 Council.)

I stand here for the same principle although I would prefer that there should be no deposit at all. Yesterday we were told by Mr. Sen that a great Indian, who was a Member of the old Imperial Legislative Council whose name is, I believe, Mr. Mudholkar, preferred Government securities. Sir, our political ideas have changed. Our old leaders were all aristocrats. They were all loyalists more or less. It is true that in those days if you subscribed or purchased Government securities you

[Mr. Brojendra Narayan Chaudhury.]

were considered a loyal man. I can speak from my own experience. During the war, when the five per cent. loan was floated, the Deputy Commissioner of the district called a Conference and asked the loyal people to subscribe to the Government loan. One of my friends came to see me and I told him that five per cent. interest is very good. Go in for it but pray do not subscribe towards it before the Deputy Commissioner. You can subscribe to it afterwards. Even then you will get your five per cent. all right and yet not placate the officials. I would again plead before the House to consider whether there should be any deposit at all or whether there should be any interference with investments. I find that many Honourable Members of this House have fallen into the rut. They argue that because in the Act of 1912 there is the deposit clause, therefore, it must remain now also. Not only that, they also say that because 25 years have elapsed, there has been a great development all round and, therefore, they want the initial deposit of Rs. 25,000 to be enhanced to Rs. 50,000. But I would ask the Honourable Members of this House with all the emphasis that I can command to mark the distinction between the Act of 1912, which was based on a different basis, and the present one. The structure of the Act of 1912 was this. Government did not take under that Act any power of supervision. I have already submitted that the Government of that time and the old Legislative Council thought that if they put in some provision for initial deposit at the start of a company, it would be some sort of security for the policyholders when the companies came to grief. As a matter of fact, Mr. Sen himself said, after a careful survey, that an initial deposit of two lakhs was no safeguard and it was only a small fraction of the entire liability of the shareholders. This is in Mr. Sen's report. If I am wrong I hope my Honourable friend, Mr. Sen, will correct me. But now the Government have decided and I believe, the House is inclined to give Government the power of supervision as full as is required. What then is the necessity of keeping the two lakhs deposit which serves no useful purpose whatsoever and the effect of which will be, as I have shown, that no new insurance companies could be started outside the big cities. What I submit is, no deposit, no control on investments, but simply close supervision if you like. That should be the criterion. If the initial deposit is to be retained, I would plead in favour of an initial deposit of Rs. 25,000 as Mr. Sen himself recommended and the balance to be paid out of the premium income. I am afraid of mentioning it here, because there is so much controversy about England and Canada here that, that is the Canadian system. The argument put forward by Mr. Sen that an initial deposit of Rs. 25,000 is not sufficient does not hold good because his case is like this : that because during the War the value of Government securities deteriorated, therefore, undesirable people were able somehow or other to collect Rs. 13,000 and purchase Government securities worth Rs. 25,000 under this Bill, we have made it cash and not face value. Cash and securities worth at the market rate Rs. 25,000 is sufficient security according to the argument of Mr. Sen. If another war comes in and the values of the securities deteriorate, still the new companies will have to pay cash or Government securities which are worth Rs. 25,000 at the market rate. I would like to impress upon Honourable Members the difference in the

structure of the two Acts. You cannot have it both ways. You cannot have supervision and control by cash security deposit and control of investments at one and the same time. With these words, I resume my seat, to allow other Honourable Members time to speak.

Maulvi Abdur Rasheed Chaudhury (Assam : Muhammadan) : Sir, I also come from the same Province as my Honourable friend, Mr. Brojendra Narayan Chaudhury. I shall, throughout my speech, dwell on the subject of deposit and other things contained in the Bill. Let me, first of all, begin with the usual thanks to the framer of the Bill who must have devoted lots of time and energy in framing the Bill, and so he deserves some thanks. I also thank the Honourable Members of the Select Committee for the hard work they had to undergo in reading and mastering the clauses of this voluminous Bill. They must have thoroughly mastered the subject, otherwise, they would not have been able to make additions and alterations to the original Bill. Sir, the Government of India are guilty of so many omissions and commissions in the past that whenever they come forward with any proposal, with any measure, the well-wishers of the country view this with suspicion. Our experience has made us sceptical. The mighty Government have to be dreaded all the more when it is found that they are coming with a homicidal mania as described by the Honourable the Leader of the House. They have in the past given expression to this homicidal mania on so many different occasions that their record both for direct and indirect homicidal mania is full.

The Honourable Sir Nripendra Sircar : What is indirect homicide ?

Maulvi Abdur Rasheed Chaudhury : Let me take up indirect homicide first. The Government began by killing our martial spirit by disarming us when they came to this country. Then they took up the task of killing our industry, they killed the prosperity of the country, they killed our initiative in business, and what not.

The Honourable Sir Nripendra Sircar : Homicide relates to human being, man.

Maulvi Abdur Rasheed Chaudhury : I say, Sir, that I look at the measure with suspicion. When, after the Great War, our young graduates, our young intellectuals, were inclined to start business and started companies after companies, Government did not raise their little finger to give them a little expert advice even, not to speak of helping them with subsidy or anything else. The result was that all our young ventures died. After the lapse of so many years people have got some initiative and expert knowledge of business and they are showing a sign of it by starting insurance business in recent years. Now, Government have come forward with this Bill and the suspicion at once arises that they are determined not to allow the spread of new insurance business in this country. I will give reasons for that suspicion. With regard to the Bill, I find that as many as 12 Members of this House were taken in the Select Committee. None of these Members were from any province where there is no insurance company. The result is that none of these Members spoke about future insurance companies. So, Sir, as to the Select Committee's recommendations I am in the same confusion as my Honourable friend, Mr. Brojendra Narayan Chaudhury. The confusion is all the more great as I find that although all the Members of the Select Committee have given minutes of

[Maulvi Abdur Rasheed Chaudhury.]

dissent, still they say that the Bill has not been altered in such a way as to require to be circulated for eliciting public opinion. I find, Sir, that the different groups in the Select Committee have taken the measure in such a way that, when the Bill will be taken up clause by clause, I am afraid different amendments on different lines will be passed and ultimately the provisions of the Bill will be so altered that it will not be a Bill at all.

Now, Sir, coming to the Bill proper, I will also take the question of deposit first. My Honourable friend, Mr. Chaudhury, asked the Leader of the House to explain on what basis this question of deposit was fixed. I am now speaking of life insurance companies only. The deposit fixed for life insurance companies is Rs. 2 lakhs. I am at my wit's end to understand how the framers of the Bill could come to this figure. They might have compared the economic condition of the people of India with that of the other countries, but even on this consideration I find that the amount could not be fixed at two lakhs. The *per capita* income of the people of India, so far as I have read, is only Rs. 55 whereas in Great Britain it is Rs. 1,091. Sir, in Great Britain, the amount of deposit is £20,000, or two lakhs of rupees. If the economic condition of India is compared with that of Great Britain, the deposit would come to less than Rs. 50,000. Sir, if you do not like to compare Great Britain or the United Kingdom with India, let us take Canada which also is a component part of the Commonwealth. There the deposit is 50,000 dollars or something like Rs. 1 lakh and 50 thousand. The *per capita* income of Canada is over Rs. 1,200, and the *per capita* income of India is Rs. 55. I ask the Leader of the House, with what face did he fix two lakhs of rupees as deposit for Indian concerns when a country like Canada can manage its insurance business with a deposit of one lakh and 50 thousand rupees? Then, Sir, there are countries like France, Germany and others, as mentioned by my Honourable friend, Bhai Parmanand, the other day, where insurance companies have not to make any deposit at all in their initial stages. I do not understand what led the Government of India to fix this sum of two lakhs as the initial deposit for concerns. I told you, Sir, in the beginning that I had a great suspicion about the motive of the Government in bringing up this Bill, and my suspicion is corroborated by this. Their intention must be that in India insurance companies should not thrive, otherwise they would not have fixed this sum of two lakhs as deposit in the initial stage. Let us come to concrete examples. Take, for instance, our province of Assam. Till now, there is not a single insurance company in Assam, and the condition of Assam is in no way better than any other part of India. If an insurance company is to be started, the originators will have to arrange first for two lakhs of rupees and then another Rs. 50,000 for working capital. Thus, as the Leader of the House said, he has a homicidal mania both for Managing Agents, and for sickly children, and I would also add, for children who are not yet born. This will strike at the very root of the prosperity of the provinces where there is no insurance company yet. I am sure, Sir, if any Member from Assam had been appointed on the Select Committee, he would have asked them to follow, not the English or Canadian system, but the German or French system; and he would have told them "For God's sake, don't follow the English or the Canadian system; For God's sake, fix no figure for initial deposit." Let there be no deposit in the initial stage, because, in that case, the people

of Assam could one day dream of floating an insurance company by arranging for a working capital of Rs. 50,000.

Then, Sir, coming to clause 3, I find there is provision for registration of licenses; but I do not find any provision for renewal of licenses. Probably it is a mistake on the part of the framers of the Bill, perhaps it did not strike the Members of the Select Committee. If the license was made renewable, that would have given the Government more money for the appointment of more Superintendents; instead of one, they could have employed 4, 5, 6 or more Superintendents. I think that by some oversight the license is not made renewable. On the whole, Sir, it is a relief that existing companies will have to pay once for all and will not have to pay again for the renewal of registration and license.

Now, Sir, I find that so far as this Bill is concerned, nobody has got any objection to the original idea of the measure. I find that my friends, the representatives of foreign companies, have given their tacit consent to registration of companies and also in respect of investment to the extent of 33½ per cent. of their assets. It is indeed a happy sign that they waive their rights under the commercial discrimination clause of the Government of India Act to special treatment. Once they have consented to waive their rights to commercial discrimination,—and I could not find a single word in the speech of the Honourable Sir Leslie Hudson to suggest that they would take shelter under the commercial discrimination clause,—it is for versatile and eminent lawyers of this House to say whether it is not *ultra vires* to take shelter under that clause again after having waived their rights under that clause of the Government of India Act, so far as the question of investment is concerned. There may be a little difference between the representatives of foreign capitalists and Indian capitalists, but they will be very minor differences, i.e., whether the investment should be 25 per cent. or 33½ per cent. of the assets. These are immaterial; all these points can be settled by mutual talk and discussions. So far as the investment is concerned, I must say at the very outset that the interests of the policyholders must be safeguarded. As things stand at present, their interests are not safeguarded. Let me take an example. Suppose, as Lord Chelmsford once said, the fate of India was hanging in the balance, the fate of Flanders in France, if unfortunately there was a war and if a French Insurance Company was the insurer, what would have been the fate of the investments made there and also of the policyholders? Therefore, I say that, whatever may be the origin of the insurance companies, Indians or foreigners, they should invest a part of their assets sufficient to cover their risk and liabilities in this country. If I say they should not invest anything in this country, I should be a hypocrite. I have got the interest of my country at heart, and, therefore, I should like that the interests of this country should be sufficiently safeguarded, whether the insurers are Indians or non-Indians.

Then, Sir, speaking about the Managing Agents, I cannot understand why there is so much homicidal mania on the part of the Leader of the House so far as the Managing Agents are concerned. The remuneration of the Managing Agents has been very much curtailed by the Select Committee. They cannot do much harm to the company in future. Their power of mischief has been lessened very much. I don't understand,

[Maulvi Abdur Rasheed Chaudhury.]

therefore, why the Leader of the House has not got his homicidal mania towards the Managing Directors who are getting as much as, if not more than, the Managing Agents....

Mr. S. O. Sen : He might imbibe that.

Mr. Abdur Rasheed Chaudhury : I might mention here that the Managing Director is always a man with a substantial share capital in the concern, just like the Managing Agents. If the homicidal mania is applied to Managing Agents, it ought, in equity, to be applied also to the Managing Directors.

Coming now to the Superintendent of Insurance, much has been said about his powers. I have not got much to add to what has been already said by previous speakers, but my only request is, let not the Superintendent be a fat salaried man. Let him not be a member of Mr. Lloyd George's steel frame; let him not be a member of the privileged class. I have got my objection to this class of officers. They are paid so high, they take so many meals a day and take so much exercise to digest their meals, that there is very little time left to them for actual work. For this class of people their morning begins at 10 o'clock. They have their *chota hazri*, then they must go to the Club and have tennis at 2, and the only time left for them to work is between 10 and 2, that is, four hours. During this period, they have to go through their *dak* and put their initials on them which is imperative. Then, they would see visitors,—their *sycophants*, their eulogisers for title, for distinction, etc. There is very little difference between this privileged class and the kept class; both are worthless. I would request the House to give this appointment to a man who will be able to work and who will not be inclined to take eight meals a day and thereby have no time to do any work.

So far as the licensing of agents is concerned, there may be a difference of opinion, but whatever the difference may be, we must give scope for work to our youngsters. They may make mistakes in the beginning, they may not be up to the mark in the early stages, but when they get along with their agency, they will be able to do some work. Our people are intelligent, they have resources. Give them opportunity to work, and they will prove themselves worthy of the situation. Don't circumscribe their resources, don't circumscribe their initiative by putting all sorts of prohibitions. Let them be free, and they will be able to make themselves useful. The question of unemployment is very acute, and if you put any restriction like this, it will simply increase unemployment.

Finally, I would appeal to the House to consider the question of deposit from the point of view of new concerns. I suggest that there should not be any deposit in the initial stage, but put other restrictions if you like. Ask them to deposit 30, or 40, or 50, or even 60 per cent. of their premium income every year with the Government. In that way, you can encourage these concerns, but don't throttle them at the very outset by demanding this high deposit. With these words, I resume my seat.

Mr. Badri Dutt Pande (Rohilkund and Kumaon Divisions : Non-Muhammadan Rural) : The House has listened to many conventional and constitutional speeches. I ask the indulgence of the House for making

an unconstitutional and unconventional speech, because I am a representative of the villagers. I do not know the conventions of this House. I am a new man to this House. I would rather like to talk in Hindustani; it is my mother tongue. I have no knowledge of English, my knowledge of English is defective, and I ask the indulgence of the House.

"This Bill is the outcome of the great union, the confederacy, or the combination, I shall not say conspiracy, of the two Bengali stalwarts, the mighty Sircar and the tame Sen. (Laughter.) This is their second legitimate child, it is said. The first is the Companies Act, and the second is this Insurance Act. My Honourable friend says, "It is my healthy child. I have brought up this child. Bless it and blow trumpets, etc." His child, he says, is a legitimate child, but it has Canadian blood, it has Irish blood, it has American blood, it has U. K. blood, and very little of Indian and Bengali blood. (Laughter.) He is proud of his child. On the occasion of the birth of a child, *rasagollas* and *sandesh* are distributed everywhere. A villager likes sweets, and I thought that we would be treated to *rasagollas* and *sandesh*, but it is a hotchpotch, or as the Bengalis call it "*sapar supar*", (Laughter),—might be of English, Irish and American cakes. I have read some parts of the Bill. I do not know law, and very little of insurance law. The Leader of the House said that there were only seven persons in this House who knew insurance law. Of course, I am ignorant of this insurance law. We have a division of labour on this side of the House. Some Honourable Members have related figures. I will only touch on facts. The first taste of the Bill was made by another Bengali gentleman who pronounced that it is not good. Now, this Bill was born on the *Janmashtami* day. If it is Krishna Kannaiya, we will all bless it, because He is the lord of mercy, but, Sir, I have my suspicions. I cannot bless this Bill, although the House may bless it. Being a villager and suspicious, being a representative of the underdog which has been suppressed, oppressed and depressed, I cannot bless it, because the village school master, the village "patel" and other small men are insured with the young companies. It is the big Bombay business men that control the bigger businesses. It is the smaller people who are insured with the young life companies, and they will be crushed by this Bill. There are 16 of them in the United Provinces, and they are all young, and, out of that, I am told, ten will go (*fut*) to dogs. They will disappear. In view of this, how can I bless this Bill? We cannot degrade ourselves to this level. My point is that unless India is free, and that reactionary body, the Government of India, is removed, we cannot express our own will in this matter. *The Manchester Guardian*, in an outspoken article on the Central Assembly, says :

"It has now clearly outlived its time. The extension of responsibility to the provinces makes its position anomalous. Indians in it feel like school children, shut up in a first class waiting room, while the more favoured friends go off in excursion trains. Unfortunately, the prospects for the new Federal Assembly look no brighter than for the dying Assembly, a solid lump of princes' nominees and restriction on debate having made it unpopular in anticipation. Meanwhile, the Central Assembly will play out its time, airing its grievances by frequent adjournment motions."

And these adjournment motions are disallowed every day by that mysterious person, the Governor General. So, that is our position. We cannot make a purely Indian Bill. We are not enamoured of this Bill, and even if this Bill is wrecked on the rocks of section 3A, either by

[Mr. Badri Dutt Pande.]

the Honourable Member, the mighty Sircar or the *chota* Sircar, we will not be sorry. The time is coming when we will have our own Bill, in which both our head and heart and also our soul will be there. We will protect our nationals as other nationals protect their own. In six, and probably in seven provinces, we will have our own popular Bills. We have been flooded with a lot of literature on this Bill, which it is impossible to read.

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

I will not touch on other points, but I will deal with only two. This Bill, in my opinion, will sound the death knell of the smaller companies. It will be their *Ram Nam Sat*. I ask you to have mercy on the smaller companies. Allow them time. Give them ten years. You have given them seven years. What is the sanctity about seven years? Give them three more years and let them get three more injections and see if they can survive. My friend, the Honourable the Leader of the House, says that only his healthy child should live. If a man suffers from leprosy, will you kill him? You cannot pass legislation to kill people with whom you disagree. I want young India to prosper. I want India to come into its own. I want young India to be free, to be self-governing in its own country, not to be sent to Andamans, not to be made detenus, but to be Governors and Lieutenants in their own home country. I want to say that if you pass this legislation, the smaller companies will be killed. I ask every Indian to vote for the smaller companies. Otherwise, we would be doing great disservice to our country. My suggestion is that you should give three more injections to these young companies. Suppose they are suffering from tuberculosis, they may be cured. We are not Gods here and cannot pass legislation for ever, and we can only do what human beings can do.

Then, a word about the foreign companies. Our forefathers made the mistake of their life by allowing the East India Company to trade here. As a result, we were all enslaved. The U. K. Companies are protected by the Government of India Act, which says in section 111 :

"Subject to the provisions of this chapter, a British subject domiciled in the United Kingdom shall be exempt from the operation of so much of any Federal or Provincial law as—

- (a) imposes any restriction on the right of entry into British India; or
- (b) imposes by reference to place of birth, race, descent, language, religion, domicile, residence or duration of residence, any disability, liability, restriction or condition in regard to travel, residence, the acquisition, holding or disposal of property, the holding of public office or the carrying on of any occupation, trade, business or profession."

There are further things said in the Act which I will not read. Look how many safeguards have been embodied here? The people who are guarded by about 7,000 military officers, 60,000 British soldiers, two lakhs of Indian soldiers, and what to say of the Civil and Military—they require protection! Then, where are we? Even the policeman does not protect us, does not *salaam* us. He does not listen to us. Strong as they are I do not know why Europeans are demanding protection, with their freedom, their liberty, wealth and love of country! It is we who should demand protection for our country, for we are weak. The sickly child can only live if the foreign matter in it is extracted. With the foreign

matter in it, it cannot be called healthy. I have got here many opinions, but I shall not take up the time of the House by quoting them. All the Indian companies have asked that foreign companies should not be allowed for another 20 years to do insurance work here. As regards the U. K. companies, we cannot touch them. We have got to live with them and I will tell them in all humility that, as they have come here, let them live in peace and amity and goodwill with us and share our joys and sorrows. Don't try to show your arrogance to us. We want to live in peace together. But why should we allow other companies, which have their places of origin in Germany, America and other countries, to come to our country when they do not allow us to go to their countries? This is not logic, and yet we find it in the Bill. We know how these Bills are worked. If the Superintendent is sane, he will work all right. But if he is insane, what will happen? (Laughter.) I tremble with fear.

Sir, I have one or two points more, and then I will resume my seat. I want to say something about the State control. I am not a Socialist, although I am anxious to live in that Heaven where we have not to pay taxes, where our education is free, where eating is free and where dress is free. I would like to be in that Heaven, but I cannot see that Heaven. I will patronise State control only when there is a popular Government like that of the Honourable Pandit Govind Ballabh Pant or when there is a benevolent autocrat like Mustafa Kamal Pasha, because I know he will do me no harm. But to these Sircars I cannot entrust my goodwill or my conscience unless they wear themselves from that great unlimited Corporation, called the "India Looting Company", of which they are the shareholders. The policy of the Congress has been that we stand for the underdog, that we stand for the cottage industries. Not only will I advise bonuses to the shareholders, but also to the small employees, such as *chaprasis*. People who are at the top are already drawing fat salaries. They draw Rs. 10,000, Rs. 3,000, and so on. But the underdog gets only Rs. 14. The clerk gets only Rs. 20 and has misery in his home. We stand for all these underdogs, and I think we must give them bonuses also. The Congress has an open mind. Any good amendment that comes from any side of the House, we will support. But if an amendment is bad, we will not support it. That is our position. With these few words, I bring my remarks to a close.

Sardar Sant Singh : Sir, before I start discussing the provisions of the Bill as it has emerged from the Select Committee, I have one complaint to make, and that is that our friends who were members of the Select Committee have not given us in their notes of dissent the benefit of the reasons why they have added those notes of dissent to the Bill. I think the constitutional practice so far has been that those members who added their notes of dissent gave some reasons why they were dissenting from the majority report. But what I find from the minutes of dissent is that the Honourable Members who have signed them simply say that they reserve their right of moving amendments. I would like to read a few sentences, so that I may be able to make my meaning clear. The note of dissent given by the members from the European Group says :

"There are a number of provisions in the Bill as amended in Select Committee with which we are not in agreement and we therefore reserve the right to move such amendments in the Legislative Assembly as we may consider necessary."

[Sardar Sant Singh.]

Then, further on, they particularise and give the clauses. My complaint is that it will be much better if the members of the Select Committee were to take the House in their confidence and enlighten us on what points or on what different interpretations of the clauses they differ.

Proceeding further, the most important part of the Bill is where an effort has been made by the Select Committee to introduce the definition of an Indian insurer. In introducing this new definition in a new clause, we thought that the Select Committee has succeeded in solving India's difficulties. The main problems which confront India at all times are to protect the industries of India from foreign competition. The Honourable the Law Member, when speaking on the motion for consideration, told us that even the definition as it stands does not extend that protection which the House naturally desires. He told us that the provisions of sections 113 and 114 of the Government of India Act, 1935, stand in the way and that even in spite of this definition, the United Kingdom companies will be protected. In order to make myself clear, I will read a portion of section 113 of the Government of India Act. It says :

"Subject to the following provisions of this chapter, a company incorporated, whether before or after the passing of this Act, by or under the laws of the United Kingdom, and the members of the governing body of any such company and the holders of its shares, stock, debentures, debenture stock or bonds and its officers, agents, and servants, shall be deemed to comply with so much of any Federal or Provincial law as imposes in regard to companies carrying on or proposing to carry on business in British India requirements or conditions relating to or connected with and so on."

This section means to say and is intended to say that, even if certain conditions are laid down for the protection of our own industries, those conditions will be deemed to have been complied with by the companies that are already existing or that may hereafter come into existence provided they are incorporated in the United Kingdom. Now, this provision should be read with the definition of an Indian insurer which is given in clause 2, sub-clause (8A) which runs thus :

"Indian insurer means an insurer three-fourths of whose paid-up capital is held in their own right by British Indian subjects domiciled in India, and three-fourths of the members of whose governing body are British Indian subjects."

If these two definitions are read together, the conclusion is rather obvious that the United Kingdom companies will be deemed to have complied with these conditions and therefore within the definition of an Indian insurer they will be deemed to fall. Therefore, so far as the question of competition or protection against the United Kingdom companies is concerned, this definition does not take us much further. I may submit with the permission of the House that a sovereign legislature with freedom to enact any laws is in a much freer position to solve the different problems which face them in their own country, but a subordinate legislature like ours on whose head the sword of Damocles constantly hangs, the problems become rather difficult of solution. Here we are face to face with a provision which is not to our liking and yet in spite of our wishes to the contrary we are bound to keep in mind when enacting a law for the protection of our own industry. The difficulty is very obvious and it will be for this House by suitable amendment of the definition to find out some way by which in spite of the provisions of

section 113 of the Government of India Act, the House extends the protection to Indian industry of insurance as it naturally desires and I think as is desired on all sides. Therefore the difficult position in which we find ourselves will have to be solved somehow or other. I want to place one suggestion before the House for their consideration, which to my mind, so far as I look at it just now, at present advised as I am, seems to solve this difficulty and that is that instead of putting the definition of 'Indian insurer' as we have done herein, we should put it for the purpose of re-insurance a provision as it is embodied in clause 3 (a) of the Bill that re-insurance will be done with a number of companies entered in the schedule to be provided hereafter and with nobody else. In that schedule, we will mention only those companies whose origin is in India, whose capital is Indian and whose Board of management is Indian entirely. That will mean we cannot put all the Indian companies in that schedule with the result that there will be no discrimination particularly against United Kingdom, but the discrimination will be against some Indian companies as well as against all United Kingdom companies.

MR. F. E. JAMES (Madras : European) : Very clever.

Sardar Sant Singh : You were very clever in the Parliament when on this small section—one section—your representative there took one whole day of Parliament and was not satisfied till clause 2 was added to it. If you are very clever in your home, I think we ought to be cleverer enough in our home to extend protection where it is needed.

MR. F. E. JAMES : That is what I am saying.

Sardar Sant Singh : I accept the compliment. So far as this is concerned, this is one of the methods how this provision could be got over. At the same time, I would like to give the Superintendent of Insurance the power to change that schedule from time to time in accordance with the Rules made by the Central Government in this behalf. Those Rules are to be placed on the table of the Central Legislature so that there may not be any entry by the back door and the Central Legislature should keep a watch over the list lest any foreign company should be included in that list.

The Honourable Sir Nripendra Sircar : You think it is a clever device !

Sardar Sant Singh : I am putting this forward as a device. I do not know whether you will regard this as clever or not, but my Honourable friend, Mr. James, regards it as clever.

MR. S. SATYAMURTI (Madras City : Non-Muhammadan Urban) : No, Mr. James is making fun of you !

Sardar Sant Singh : The second way of doing it is this and that will fulfil the object which was put forward by some of the Honourable Members on this side that insurance should be nationalised and that is that a branch of the Postal Insurance should be started and all re-insurance should be done with postal authorities and with nobody else. That will be another way of getting over the difficulty. I think, Sir, that after discussion in this House on this question if my advice as it is called by the Honourable the Leader of the House is not clever enough, then with

Sardar Sant Singh : I am illustrating the position and showing how these field workers are treated by their companies.

Mr. President (The Honourable Sir Abdur Rahim) : I think the Honourable Member has done quite enough in that respect. He must go on with the Bill now.

Sardar Sant Singh : May I submit, Sir, that some of the letters are very important

Mr. President (The Honourable Sir Abdur Rahim) : No, I cannot allow individual cases to be discussed.

Sardar Sant Singh : All right, Sir, I will proceed. I will finish this by saying that eminent lawyers even recommended to that life assurance company that he was not being treated fairly, and one of the most eminent persons in India, a Colonel, wrote to say that if he were not an Indian he would not have submitted to such treatment. With such callous treatment meted out to these field workers we yet find that no mention is made in the whole Bill about renewals that they shall not be forfeitable. I will certainly ask the cooperation of this House in saying that a renewal commission is a commission earned. It is not a grace, and even if the agents or the field workers leave that company and go to another, these renewal commissions should not be forfeited.

Sardar Mangal Singh : If they are not opposed to the interests of the company.

Sardar Sant Singh : I do not know what my Honourable friend means by being opposed to the interests of the company. Should he give up the profession of agency when he has learnt the business, and that company is not willing to employ him on the terms originally agreed upon between them? Why should he not be at liberty to go to another company? If I have a right to leave the service of a bank and go to another because I know banking business, has the bank a right to forfeit my deposits or the salary I have earned? It is against the principles of equity, justice and good conscience. Renewal commissions have been earned, and they should not be forfeited. When they have been earned, they must be paid during the period that the policy remains in force. I quite understand that my friend is the Director of an Insurance Company, and he thinks he can release some of the agents to go to other companies, but it is not a matter of individual concern, it is a matter of public interest

Sardar Mangal Singh : I am sorry to interrupt my Honourable friend, Sir. Renewal commissions are given for services to be performed. They are not unconditional.

Sardar Sant Singh : They will be paid only if the man continues in service, and I am protesting against such an agreement.

Mr. S. Satyamurti : Why does he sign such an agreement?

Sardar Sant Singh : I have already said that he signed the agreement, because he could not understand the terms of the agreement which was framed by eminent lawyers.

Mr. S. Satyamurti : Then, he should not do insurance business.

Mr. President (The Honourable Sir Abdur Rahim) : Is the Honourable Member going to conclude his speech now?

Sardar Sant Singh : I will take some time, Sir. There are one or two more points to be dealt with.

Mr. President (The Honourable Sir Abdur Rahim) : How long will the Honourable Member take?

Sardar Sant Singh : About ten minutes more, Sir.

Mr. President (The Honourable Sir Abdur Rahim) : Very well.

Sardar Sant Singh : Then, Sir, there is one point which I do not find in the Bill, and I would invite the attention of the House to it. There is no provision in those clauses which relate to investment of the funds to call upon an insurance company to invest a part of its funds in some industrial concern in the country. I understand that in Japan most of the funds of their insurance companies are invested in industries with the result that Japan has made very considerable strides in the industrial sphere and she is now able to compete successfully with the western nations. Therefore, Sir, I consider this is an opportune moment when we should make a similar provision in our Bill that a portion, however small it may be, say 5 per cent., of the assets should be invested in some industry approved by the Superintendent of Insurance. Here I am giving more power to the Superintendent whose appointment is being objected to by my friends on my right. However, I will certainly recommend to my friend, Mr. Sen, that he should consider this point seriously and see if a suitable provision can be made so that a portion of the assets of Insurance companies shall be invested in some industry which is approved by the Superintendent of Insurance. I want a statutory provision in the Bill itself.

I don't want to take more time of the House at this stage, because I am moving some amendments myself relating to all the points I have raised, and then I shall make my further observations. This Bill, Sir, is really a very important measure, and rarely such measures are brought forward before the House. Therefore, Sir, we should try and make this legislation as complete as possible and see that it is in the interests of India and of nobody else.

The Assembly then adjourned till Eleven of the Clock on Thursday, the 2nd September, 1937.

