

12th September 1938

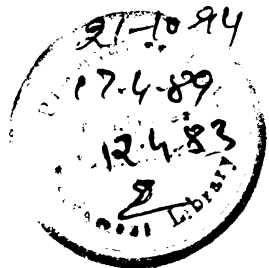
**THE
LEGISLATIVE ASSEMBLY DEBATES**

(Official Report)

Volume VI, 1938

(12th September to 26th September, 1938)

**EIGHTH SESSION
OF THE
FIFTH LEGISLATIVE ASSEMBLY,
1938**



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Legislative Assembly.

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

Deputy President :

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

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LEGISLATIVE ASSEMBLY.

Monday, 12th September, 1938.

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.

AMALGAMATION OF AJMER-MERWARA WITH THE UNITED PROVINCES.

909. ***Mr. Badri Dutt Pande** : Will the Honourable the Home Member be pleased to state whether any decision has been arrived at by Government regarding the merger of Ajmer-Merwara with the United Provinces ?

The Honourable Mr. E. M. Maxwell : With your permission, Sir, I will answer this question and No. 910 together.

No such proposals are under consideration.

Mr. Lalchand Navalrai : May I know if it was under contemplation at any time to do such things as are required by this question ?

The Honourable Mr. E. M. Maxwell : No, Sir.

Mr. Lalchand Navalrai : May I know from the Honourable Member if the Chief Commissioners of those places which are mentioned in clauses 9 and 10 have been invested with new powers by the Governor General as a result of the Government of India Act of 1935 ?

The Honourable Mr. E. M. Maxwell : That does not seem to arise out of this question.

Mr. President (The Honourable Sir Abdur Rahim) : That is too far-fetched.

Seth Govind Das : Is the Honourable Member aware that the public opinion in Ajmer-Merwara is in favour of those districts being amalgamated with the United Provinces ?

The Honourable Mr. E. M. Maxwell : No, Sir, Government are not aware that there is any spontaneous demand from the people of Ajmer-Merwara for amalgamation with the United Provinces.

Mr. Abdul Qaiyum : May I know the reasons why Government are not extending the benefits of Provincial Autonomy to this province ?

The Honourable Mr. E. M. Maxwell : Because it is so provided in the Government of India Act.

(1969)

Mr. T. S. Avinashilingam Chettiar : May I ask whether Government have received representations with reference to question No. 909 ?

The Honourable Mr. R. M. Maxwell : Yes, Sir, we have received representations.

Mr. S. Satyamurti : May I ask whether Government have examined the anomaly and the difficulty of governing Coorg from Delhi or Simla—I am giving only one example—and have they come to any conclusion on the matter ?

The Honourable Mr. R. M. Maxwell : You mean on the particular circumstances of Coorg ?

Mr. S. Satyamurti : And also there being Chief Commissioners' provinces under the Central Government ?

The Honourable Mr. R. M. Maxwell : That seems to me to be major constitutional question in which the Government of India have no authority.

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

Mr. Badri Dutt Pande : May I ask a supplementary question, Sir ? This is my question, and I have not yet put a single supplementary question.

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member ought to have risen before. I know that he put down this question, and I would have given him the prior chance to put supplementary questions. He ought to have risen at once.

GRANT OF PROVINCIAL AUTONOMY TO CHIEF COMMISSIONERS' PROVINCES.

†910. ***Mr. Badri Dutt Pande :** Will the Honourable the Home Member please state whether steps are being taken towards the granting of provincial autonomy to the five Chief Commissionerships of Delhi, Panth Piploda, Andamans-Nicobar, Ajmer-Merwara, and Coorg, or are these Provinces to be merged into the Provinces close by ?

TRANSFER OF COORG TO THE MYSORE STATE.

911. ***Mr. Badri Dutt Pande :** Will the Honourable the Home Member please state whether it is a fact that Coorg is being transferred to the Mysore State ?

The Honourable Mr. R. M. Maxwell : I would invite the attention of the Honourable Member to the reply given to Mr. Muthuranga Mudaliar's question No. 614 on the 30th August, 1938.

Mr. T. S. Avinashilingam Chettiar : May I ask whether the question regarding the transfer of Coorg to the Mysore State is being considered ?

The Honourable Mr. R. M. Maxwell : No, Sir, it is not under consideration.

†For answer to this question, see answer to question No. 909.

ECCLESIASTICAL ESTABLISHMENT IN INDIA.

912. ***Mr. S. Satyamurti** : Will the Defence Secretary be pleased to state :

- (a) the amount of money spent in the last year for which figures are available with Government, on the ecclesiastical establishment in this country ;
- (b) the reasons for running the establishment ; and
- (c) whether Government have considered or are prepared to consider the proposal to dis-establish the established Church in India ?

Mr. C. M. G. Ogilvie : (a) Rs. 32.28 lakhs in 1936-37.

(b) To meet the spiritual needs of British personnel, civil and military in India.

(c) No.

Mr. S. Satyamurti : With regard to the answer to clause (a) of the question, may I know whether this 32 odd lakhs represents the expenditure on the ecclesiastical establishment only so far as the defence forces are concerned, or does it include all expenditure under the Ecclesiastical Department ?

Mr. C. M. G. Ogilvie : It includes all expenditure of an ecclesiastical nature.

Mr. S. Satyamurti : May I know how much of it is debitable to the Defence Department ?

Mr. C. M. G. Ogilvie : Roughly 5.23 lakhs.

Mr. S. Satyamurti : May I know whether the Honourable Member can give the information—if he cannot, I will not press him—on what other Departments the balance of 27 odd lakhs is being spent under this head ?

Mr. C. M. G. Ogilvie : A certain amount is being spent by the Railways and the remainder is spent on the spiritual ministrations to civilian personnel employed by the Government of India.

Mr. S. Satyamurti : Are these establishments being kept only for the members of the English Established Church, or for the spiritual needs of Roman Catholics and others as well ?

Mr. C. M. G. Ogilvie : The expenditure is, in the main, on the Established Church.

Mr. S. Satyamurti : May I know how Government have ascertained that these gentlemen who are serving in the Defence Forces and the Railways want that their spiritual needs should be met by means of this ecclesiastical establishment ?

Mr. C. M. G. Ogilvie : They have no reason to believe that they are not.

Seth Govind Das : How is that all this money is being spent on Christianity and nothing is being spent on Hindu religion or Muslim religion ?

Mr. C. M. G. Ogilvie : I do not think it arises from this question.

Mr. Manu Subedar : Has the proposal for taking over these charges by the British treasury been considered by the Government ?

Mr. C. M. G. Ogilvie : No.

Mr. T. S. Avinashilingam Chettiar : In view of the fact that the spiritual needs of so many other people are being served by private associations, will Government consider the advisability of leaving these ministrations to the private agency alone ?

Mr. C. M. G. Ogilvie : No, Sir.

Mr. T. S. Avinashilingam Chettiar : Have they considered the question ?

Mr. C. M. G. Ogilvie : They have no intention of doing it.

Mr. Badri Dutt Pande : May I ask if the expenditure on grave-yards is also included in the Ecclesiastical Department ?

Mr. C. M. G. Ogilvie : Yes.

Mr. S. Satyamurti : In view of the large public opinion in this country, may I ask whether Government have considered the dis-establishment of the Church altogether, which has been done in most of the civilised countries ?

Mr. C. M. G. Ogilvie : I have answered that question.

Dr. Sir Ziauddin Ahmad : In view of the fact that a large number of Mussalmans do not take interests on their bonds and on the money deposited in the post office savings banks, etc., will Government utilise the amount which is not taken by the Mussalmans for their ecclesiastical purposes ?

Mr. C. M. G. Ogilvie : I am afraid that question does not arise.

Mr. Abdul Qaiyum : Can the Indian Christians serving in the Defence Forces be buried in those grave-yards at the expense of the Ecclesiastical Department ?

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

CONCESSIONS ANNOUNCED BY MR. HORE-BELISHA.

913. ***Mr. S. Satyamurti :** Will the Defence Secretary be pleased to state :

- (a) whether the concessions, recently announced by Mr. Hore-Belisha apply wholly or partially to officers of the Air Force and of the Navy ; and
- (b) whether those concessions apply to British officers of the Navy and of the Air Force serving in India ; if so, the actual amount of the extra financial burden imposed on Indian revenues by the application of these new scales of pay and other concessions to these officers ?

Mr. C. M. G. Ogilvie : (a) Yes. Concessions similar to those recently announced by the Secretary of State for War for officers of the British Army have been extended to officers of the Royal Navy and the Royal Air Force.

(b) As regards the application of those concessions to officers of the Royal Air Force serving in India, the question is at present under consideration but it is anticipated that the extra financial charge to Indian revenues will not be more than Rs. 5,000 a year. As regards officers and men of the Royal Navy serving with the Royal Indian Navy, the financial effect is slight and also will not exceed Rs. 5,000 a year.

Mr. S. Satyamurti : With regard to the re-assuring figures with which my Honourable friend has given the answer to clause (b), and in view of the fact that the principle involved is an important one, may I ask whether the Government of India are protesting against the levy of these charges on Indian revenues ?

Mr. C. M. G. Ogilvie : I must refer the Honourable Member to the answer I have already given to similar questions on the whole of this subject.

Mr. S. Satyamurti : May I take it that the question of the extension of these charges to the men and officers of the Royal Navy and the Royal Air Force serving in India is also the subject of the discussion between His Majesty's Government and the Government of India at the present moment ?

Mr. C. M. G. Ogilvie : The whole question is still the subject of discussion.

Mr. T. S. Avinashilingam Chettiar : When does the Honourable Member expect to issue the statement which he promised a few days back ?

Mr. C. M. G. Ogilvie : The Honourable Member will have to wait for a little time.

APPLICANTS FOR ENROLMENT IN THE INDIAN ARMY REJECTED AS PHYSICALLY UNFIT.

914. ***Mr. S. Satyamurti** : Will the Defence Secretary be pleased to state :

- (a) whether it is a fact that out of 22,843 applicants for enrolment in the Indian Army in 1936-37, about 8,427 were rejected as physically unfit ;
- (b) the reasons for this large percentage of people being rejected as physically unfit ; and
- (c) whether Government are prepared to reconsider the policy of confining recruitment to certain so-called martial classes and throw it open to all the people of this country ; if not, why not ?

Mr. C. M. G. Ogilvie : (a) Yes.

(b) A very high standard of fitness is required and the percentage rejected is not large.

(c) No. The Army, the size of which is strictly limited, must be recruited from the best material available and the classes who are now recruited do as a whole provide the best material.

Mr. S. Satyamurti : Have Government considered the relevancy of certain figures recently made public that a very large percentage of the army belongs to one Province or one community, and will Government consider in the interests of the future peaceful development of the country that the army must be recruited from all provinces and from all communities, subject to minimum standards of efficiency ?

Mr. C. M. G. Ogilvie : No, Sir. Government have no intention whatever of abandoning their present policy in the matter.

Mr. S. Satyamurti : May I know whether there are any principles which have resulted in the present preponderating share in the army of India, of certain provinces and of a certain community ?

Mr. C. M. G. Ogilvie : Yes : the principles are that by experience the classes now enlisted are in practice found to provide as a whole the best military material and therefore they give the taxpayer the best return for his money.

Seth Govind Das : Does any such discrimination prevail in any other country of the world ?

Mr. C. M. G. Ogilvie : I cannot possibly tell you about discrimination. In other countries roughly the same standard of fitness and so on are exacted and some areas do provide large numbers of troops while others do not.

Mr. K. Santhanam : With reference to part (b) may I know whether the standard of physical fitness for the Indian soldiers is the same standard required in Great Britain for British soldiers ?

Mr. C. M. G. Ogilvie : Roughly yes.

Mr. Lalchand Navalrai : How does the selection take place ? Is it through any selection committee or is it through the department ?

Mr. C. M. G. Ogilvie : If the Honourable Member wishes to ask a question about recruitment he had better put down a question.

Mr. S. Satyamurti : Have Government come to the conclusion that these are the best material after any experiment made in other areas and among other communities, or is it a mere *ex cathedra* conclusion of theirs ?

Mr. C. M. G. Ogilvie : Government have come to the conclusion after experience extending over a number of years and including the Great War.

Mr. N. V. Gadgil : Is it not a fact that in the last war of 1914-1918 recruitment was from all the provinces and it was a satisfactory recruitment from the point of view of the war ?

Mr. C. M. G. Ogilvie : As a result of the experience of the last war, enlistment has been restricted to the class at present made.

POWERS OF COMMAND OF BRITISH AND INDIAN ARMY OFFICERS.

915. *Mr. S. Satyamurti : Will the Defence Secretary be pleased to state :

- (a) whether recently an India Army Order No. 649, dated the 13th July, 1938 was issued ;
- (b) whether those orders concern the powers of command of British warrant officers and non-commissioned officers *vis-a-vis* Viceroy's commissioned officers and Indian warrant officers ;
- (c) whether that order *inter alia* provides that while British warrant officers or non-commissioned officers can exercise powers of command in special circumstances over persons subject to the Indian Army Act other than Indian commissioned officers but under existing regulations the Viceroy's commissioned officers and Indian warrant officers cannot exercise powers of command over British personnel ; and
- (d) if so, what are the reasons for this racial discrimination ?

Mr. C. M. G. Ogilvie : (a), (b) and (c). Yes.

(d) There is no racial discrimination. India Army Order No. 649 of 1938 does no more than interpret the provisions of the Army Act and Indian Army Act. British Warrant Officers and non-commissioned officers are posted to certain units of the Indian Army, and provision must therefore be made for vesting them with powers of command, but no Viceroy's Commissioned Officer or Indian Warrant Officer occupies the same position in any unit of the British Service.

Mr. S. Satyamurti : With reference to the last sentence of the answer, may I know if that result is achieved as a result of certain rules so that no Indian Commissioned officer can command British personnel or is it a mere accident ?

Mr. C. M. G. Ogilvie : It is not right to say that no Indian officer can command British personnel. Indian commissioned officers can and do. It is however right to say that no Indian Warrant Officer or Viceroy's Commissioned officer in practice is posted to British Units.

Mr. S. Satyamurti : Why are they not posted ?

Mr. C. M. G. Ogilvie : Because there is no need.

Mr. T. S. Avinashilingam Chettiar : May I ask whether no Indian Commissioned officers have British soldiers under their command ?

Mr. C. M. G. Ogilvie : All Indian commissioned officers are posted to British units for one year. Afterwards Indian commissioned officers may frequently be in such positions.

Mr. S. Satyamurti : How many Indian commissioned officers have so far commanded British officers ?

Mr. C. M. G. Ogilvie : I cannot really say.

Mr. S. Satyamurti : Is there one ?

Mr. C. M. G. Ogilvie : Must be.

Mr. S. Satyamurti : None to your knowledge !

Mr. K. Santhanam : May I know whether the power of command of Indian commissioned officers over British soldiers is conditional upon sanction being given by the General or Comanding officer ?

Mr. C. M. G. Ogilvie : Yes, as in the case of the Dominion armies.

Mr. T. S. Avinashilingam Chettiar : May I ask whether the Honourable Member will place on the table of the House the figures as to how many Indian commissioned officers are in British regiments commanding British soldiers ?

Mr. C. M. G. Ogilvie : I will endeavour to find out how many officers are posted to British units. It must be about 30 or 40.

Mr. M. Ananthasayanam Ayyangar : Is there a single Indian commissioned officer so far permanently posted in charge of a British regiment ?

Mr. C. M. G. Ogilvie : No.

Sardar Mangal Singh : May I know whether a junior King's commissioned British officer is bound to give salute to a senior Indian officer ?

Mr. C. M. G. Ogilvie : Yes, Sir.

REPRESENTATION FROM THE PREMIER OF MADRAS *re* LOWERING OF EXCHANGE RATIO.

†1916. ***Mr. Amarendra Nath Chattopadhyaya** : (a) Will the Honourable the Finance Member be pleased to state if it is a fact that the Honourable Mr. C. Rajagopalachari, Premier of Madras, had stated in the Madras Legislative Assembly that the existing exchange value of the rupee in terms of sterling being too high, a lowering of this would be in the interest of agriculture and industry in that Province ?

(b) Is it also a fact that, as Premier of Madras, he has made a representation to the Central Government on the subject ?

(c) If so, will the Honourable Member be pleased to state what decision he has come to regarding the aforesaid representation by the Honourable the Premier of Madras ?

(d) Has any other Provincial Government referred the matter to the Indian Government ?

The Honourable Sir James Grigg : (a) I have seen a report to this effect in the Press.

(b), (c) and (d). I would refer the Honourable Member to my reply to question No. 107 asked by Sardar Mangal Singh on the 10th August, 1938.

PAY AND ALLOWANCES OF EXECUTIVE OFFICERS OF CANTONMENTS.

917. ***Mr. N. V. Gadgil** : (a) Will the Defence Secretary be pleased to state whether it is a fact that, at the time of last Cantonment Amending Bill, it was agreed by Government that not more than half the pay of Executive Officers will be debited to Cantonment Fund ?

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

(b) Is it also a fact that in the Executive Officers Service Rules it was later on incorporated that motor allowances will also have to be borne by Cantonment Funds ?

(c) Is it not a fact that in certain Cantonments, like Lahore, the Executive Officer has also started debiting about Rs. 30 on account of his house rent to the Cantonment Fund, in addition to his half pay and full motor allowance, although the same is not provided in the Rules ?

(d) What is the total amount so far debited to the Lahore Cantonment Fund, on this account ?

(e) Will Government be pleased to state whether the travelling allowance of an Executive Officer, when he is transferred from one Cantonment to another, is also being now debited to Cantonment Fund ?

(f) Is it a fact that in the case of the Lahore Cantonment, nearly Rs. 1,400 on account of the transfer of the Executive Officer from Deolali to Lahore at first class rates have been debited to the Cantonment Fund in the teeth of opposition of elected members ?

Mr. C. M. G. Ogilvie : (a) Yes. The attention of the Honourable Member is invited to clause (2) of section 12 of the Cantonments Act, 1924.

(b) Yes.

(c) and (d). No. The Cantonment Board, Lahore, agreed to provide the Executive Officer with the house he was occupying and charge him 10 per cent. of his pay, viz., Rs. 50 per mensem and meet the balance of Rs. 35 per mensem from the Cantonment fund. The whole amount, viz., Rs. 245, irregularly paid on this account has since been recovered from the Executive Officer.

(e) and (f). Yes.

LAND INCOME OF CANTONMENT BOARDS.

918. ***Mr. N. V. Gadgil :** (a) With reference to the answer given to question No. 288, part (c), on 15th February, 1938, will the Defence Secretary please state whether information regarding the amount of annual income that has started accruing from the land hitherto under the management of Cantonment Boards and now under the direct management of the Central Government, is now available ?

(b) If the answer to part (a) be in the affirmative, will Government be pleased to place on the table of the House a statement showing the total income which has been lost to each Cantonment Board on account of land income ?

(c) Are the Cantonments which have lost the land income, unable to balance their budgets and have been asked by the Deputy Director of Lands and Cantonments in the Northern Command to increase house tax ?

Mr. C. M. G. Ogilvie : (a) It will not be possible to ascertain this until the end of the present financial year.

(b) Does not arise.

(c) No. Boards are only proposing to increase house tax where scavenging tax is being abolished. The proposed increase of house tax is intended to recoup some of the loss sustained by the abolition of scavenging tax.

NON-INCLUSION OF TRIPOLIA WARD IN THE BAZAR AREA OF THE AGRA CANTONMENT.

1919. ***Mr. N. V. Gadgil :** (a) Will the Defence Secretary be pleased to state with reference to his reply to question No. 462 of the 23rd February, 1938, whether it is not a fact that all bazars (civilian inhabited areas) excluding small regimental bazars were to be included in the bazar area under section 43A of the Cantonments Act ?

(b) Is it not a fact that the Tripolia Ward in Agra Cantonment is a big civilian area in which a large number of civilians reside ?

(c) Is it not a fact that the inclusion of an area in the bazar area does not remove the ward from the Cantonment for Defence purposes ?

(d) Have Government come to a final decision on the subject ? If so, what is the decision ?

Mr. C. M. G. Ogilvie : (a) No.

(b) I refer the Honourable Member to my reply to part (b) of starred question No. 462 of the 23rd February, 1938.

(c) Yes.

(d) Yes. The decision is that the area should not be declared as a bazar area.

BAZAR COMMITTEES IN CANTONMENTS.

1920. ***Mr. N. V. Gadgil :** (a) With reference to question No. 630, dated 4th March, 1938, will the Defence Secretary please state whether it is not a fact that the Government of India undertook to see that real powers to do real good were to be delegated to the Bazar Committees of the Cantonment Boards in India ?

(b) If the answer to part (a) be in the affirmative, why has the matter been left to the discretion of the Cantonment Boards which contain a Government official majority ?

(c) Is it not a fact that no powers at all have been delegated to any Bazar Committee in India ?

(d) Is it not also a fact that the Bazar Committees only make recommendation to the Cantonment Board with regard to the building applications and trade licence in the bazar area ?

Mr. C. M. G. Ogilvie : (a)—(d). I refer the Honourable Member to the replies given by me to part (f) of starred question No. 364 asked by Mr. Mohan Lal Saksena on the 22nd August, 1938, and to starred question No. 999 asked by Mr. Satyamurti on the 5th October, 1937, which cover all the points raised by him.

MILITARY OPERATIONS IN WAZIRISTAN.

921. ***Mr. T. S. Avinashilingam Chettiar** : Will the Defence Secretary state :

- (a) the total cost of the operations in Waziristan since the operations began (the latest available figures) ;
- (b) the total number of casualties ; and
- (c) for how long these actions will be necessary ?

Mr. C. M. G. Ogilvie : (a) The extra expenditure so far incurred from 1st April, 1938, up to the end of July, 1938, is about Rs. 12 lakhs.

(b) 36 killed and 120 wounded.

(c) I am entirely unable to say.

Mr. T. S. Avinashilingam Chettiar : May I know if it is the same thing as the accounts which he gave about 15 days back ?

Mr. C. M. G. Ogilvie : The expenditure is up to the end of July, it is from 1st April till the end of July.

Mr. Abdul Qaiyum : Is it the intention of Government to exterminate these tribes if they do not capitulate ?

Mr. President (The Honourable Sir Abdur Rahim) : Order, order. Such a question cannot be allowed to be put. It contains inference.

Mr. Abdul Qaiyum : I am vitally interested in this, because the people belonging to my province are concerned.

Mr. President (The Honourable Sir Abdur Rahim) : That question cannot be allowed.

Mr. S. Satyamurti : With reference to part (c), may I know whether since the operations started any progress has been made towards the termination of these operations one way or the other, or whether the *status quo ante* still remains, and that is why Government cannot say when they will end ?

Mr. C. M. G. Ogilvie : There has been some progress and as far as we can see things are a little better than they were, but it is quite impossible to say when the operations will come to an end.

Mr. S. Satyamurti : May I ask whether the Government of India have consulted or will consult the North-West Frontier Province Government, with a view to a speedy conclusion of these operations ?

Mr. C. M. G. Ogilvie : I submit that question does not arise.

Mr. S. Satyamurti : I submit it does. The question is how long it will be necessary. Geographically, and tribally, the two peoples of the tribal areas and the North-West Frontier Province are one. I am asking whether, with a view to a speedy end of these actions, Government have consulted or will consult the Government of that Province with a view to ending this as soon as possible.

Mr. President (The Honourable Sir Abdur Rahim) : That is rather far-fetched.

Mr. T. S. Avinashilingam Chettiar : May I know what the Honourable Member means by progress being made in this matter ?

Mr. C. M. G. Ogilvie : I am afraid it will be too long to give an account of it now but if the Honourable Member will take the trouble to read the lengthy communiqué issued a few days ago he will find the exact state of affairs.

Mr. S. Satyamurti : May I know what the object of these actions is ?

Mr. C. M. G. Ogilvie : To bring about peace in Waziristan.

Mr. S. Satyamurti : On what terms ? Will the Honourable Member state that, so that we may know and the public may know and the enemy also may know ?

Mr. C. M. G. Ogilvie : It is entirely impossible to answer a question of that kind now.

Mr. S. Satyamurti : Then, may I take it that Government have no intention of bringing about any peace, but to continue the operations indefinitely ?

Mr. C. M. G. Ogilvie : The Honourable Member may not take anything of the kind for granted.

SURVEYORS OF WORK AND ASSISTANT SURVEYORS IN THE MILITARY ENGINEERING SERVICE.

922. ***Mr. Badri Dutt Pande :** (a) Will the Defence Secretary please state the strength of Surveyors of Works and Assistant Surveyors in the Military Engineering Service and their scale of pay ? How many of them are British civilians and how many Indians in the two categories, separately ?

(b) Is it a fact that the British Surveyors of Works were in the first instance recruited from England on a contractual basis ? What were the terms of the contracts ?

(c) Is it a fact that one of their duties was to train Indians so that eventually the latter may be able to replace them on the termination of their contracts ?

(d) How many Indians have been promoted as Surveyors of Works so far ?

(e) Is it a fact that two departmental examinations used to be held annually for such Indians, firstly, for appointing them as Assistant Surveyors, and finally for promoting the latter as Surveyors ?

(f) Is there any Indian Surveyor who was appointed as such without going through the two examinations, *viz.*, the Intermediate and Final Examinations ?

(g) When were the examinations held last, and when is it proposed to hold them next year ?

Mr. C. M. G. Ogilvie : (a) and (d). There are at present 30 Surveyors of Works, out of which six are Indian. There are 39 Surveyors Assistants, of which 38 are Indian. I lay on the table a statement showing the scales of pay of the different categories of these officers.

(b) Yes, initially for five years, which is extensible by mutual agreement. A copy of their terms of contract has been placed in the Library.

(c) One of their duties was to train Indian and British civilian and military subordinates of the Military Engineer Services who elected to be recruited to the Surveyors of Works cadre. It was never intended that the persons so trained and qualified should replace their actual trainers on the termination of their contracts.

(e) Intermediate and final examinations for all Military Engineer Services subordinates who aspired to enter the Surveyors of Works cadre were held in the years 1936, 1937 and 1938 only.

(f) Yes, two.

(g) The examinations were last held in March, 1938. The next examination will be held under the auspices of the Chartered Surveyors' Institution in 1940.

Statement showing the scales of pay including marriage and lodging allowances of Surveyors of Works and Assistant Surveyors in the Military Engineer Services are as follows :

| | | |
|---|----|---------|
| (1) <i>E. E. Surveyors of Works—</i> | | Rs. |
| Lieutenant | .. | 710 |
| Lieutenant after four years' commissioned service | .. | 775 |
| Captain | .. | 900 |
| Captain after twelve years' commissioned service | .. | 975 |
| Captain after fifteen years' commissioned service | .. | 1,105 |
| Major | .. | 1,105 |
| Leutenant-Colonel.. .. . | .. | 1,230 |
| (2) <i>Civilian Surveyors recruited in the United Kingdom—</i> | | |
| Rs. 450—30—900 plus overseas pay @ £20 p. m. upto Rs. 510 (basic pay) and £25 p.m. thereafter. | | |
| (3) <i>Civilian Surveyors appointed in India—</i> | | |
| Scale A—Rs. 300—15—450. | | |
| Scale B—Rs. 475—25—825. | | |
| (4) <i>Military Departmental officers on the Indian Establishment—</i> | | |
| Assistant Commissary and Lieutenant, Mechanist Officer (M. T.) holding the rank of Lieutenant | .. | Rs. 715 |
| Deputy Commissary and Captain, Mechanist Officer (M. T.) holding the rank of Captain | .. | 825 |
| Commissary and Major, Mechanist Officer (M. T.) holding the rank of Major | .. | 950 |
| Commissary and Major, Mechanist Officer (M. T.) holding the rank of Major, after two years' service as Major provided they have a total commissioned service of not less than eight years.. | .. | 1,100 |
| (5) <i>Surveyors Assistants—Grade I—</i> | | |
| Rs. 150—10—300 (E. B.)—25/2—400. | | |

Mr. Badri Dutt Pande : May I know how many contracts of these British Surveyors have been terminated so far ?

Mr. C. M. G. Ogilvie : I shall require notice of that question.

Mr. Lalchand Navalrai : With regard to clause (b) may I know whether the British Surveyors of Works are still being imported from outside ?

Mr. C. M. G. Ogilvie : I cannot say without notice.

Mr. T. S. Avinashilingam Chettiar : With reference to clause (c) may I know how many Indians have been trained till now ?

Mr. C. M. G. Ogilvie : I shall require notice of that also.

Sardar Sant Singh : With regard to these British Surveyors of Works who were originally recruited on contract, may I know how often their contracts have been renewed since the first contract came to an end ?

Mr. C. M. G. Ogilvie : Not more than once, I imagine.

Mr. T. S. Avinashilingam Chettiar : With regard to clause (a) of the question, I understood that there are 30 Surveyors of Works, of whom six are Indians. Is that the reason why no Indians are available for this post now ?

Mr. C. M. G. Ogilvie : No Indians were available because no Indian had the requisite qualifications. Until an arrangement could be come to for the Chartered Surveyors' Institution to hold an examination in India, local departmental examinations were held and Indian candidates were trained by these imported Surveyors of Works. Six of them have succeeded in passing.

Mr. T. S. Avinashilingam Chettiar : May I know if any qualified people are available today who are unemployed ?

Mr. C. M. G. Ogilvie : No, none.

Seth Govind Das : Is the number of these Indians increasing ?

Mr. C. M. G. Ogilvie : The number is now six. It cannot be said to be increasing now but it will increase in the future.

DEPARTMENTAL EXAMINATIONS FOR SURVEYORS OF WORK.

923. ***Mr. Badri Dutt Pande :** (a) Will the Defence Secretary state whether Government are contemplating to discontinue the departmental examinations for Surveyors of Works and ask the Chartered Surveyors Institute of England to hold these examinations for the Government of India ? If so, why ?

(b) Is it a fact that the said Institute has its examinations in three stages, each to be taken annually ?

(c) Will Government state the reason for lengthening the period of examinations from two to three years ?

(d) What will be the position of Indians who have already passed the Departmental Intermediate Examination, and hold permanent posts but have not yet taken the Final Examination, i.e., will they have to appear only in the Final Examination of the Institute, or take all the three examinations of the latter? If so, why?

(e) Are Government aware of the impression that this change from the Departmental examinations to the examination by the Chartered Surveyors Institute and the consequent lengthening of the period for promotion of existing Indian incumbents to Surveyors' grade from one year to three years is meant to keep in service as long as possible the British civilian Surveyors engaged on contract by extending the terms of their contract?

(f) Is it the intention now to confirm eventually these British civilians and thus reduce the number of posts open to suitable Indians? If so, why, in the face of the declared policy of Government for Indianisation, and how do they propose to Indianise the service?

Mr. C. M. G. Ogilvie : (a) Yes, because the passing of the examination held by the Chartered Surveyors' Institution entitles candidates to the diploma of the Chartered Surveyors' Institution which has universal recognition.

(b) Yes.

(c) Now that the cadre has been inaugurated in India, it is considered essential to secure uniformity in this respect for all future civilian and military subordinates on the Indian establishment as well as British civilians for the reasons stated in reply to part (a).

(d) The matter is under consideration in consultation with the Chartered Surveyors' Institution.

(e) No.

(f) The confirmation of a few British civilian surveyors, which may be necessary on account of the paucity of trained and qualified Indians, cannot in any way be regarded as against Government's policy of Indianisation. When trained and qualified Indians are available, they will be considered for appointment.

Mr. Badri Dutt Pande : With reference to part (c) of the question why has the period been lengthened from two to three years?

Mr. C. M. G. Ogilvie : Because that is the period laid down by the Chartered Surveyors' Institution.

Mr. Lalchand Navalrai : When is their next examination to be held?

Mr. C. M. G. Ogilvie : In 1940.

UNIFORMITY IN EXCISE REGULATIONS BETWEEN VARIOUS PROVINCES.

924. ***Mr. Manu Subedar :** Will the Honourable the Finance Member state :

(a) whether representations have been received requesting some kind of uniformity in excise regulations between various Provinces ;

- (b) whether an excise conference was convened by the Government of India in November last ;
- (c) whether any decision was arrived at, and what was the nature of the discussion at such conference, and whether the preponderating opinion was in favour of such uniformity ;
- (d) whether the Government of India are pursuing this matter with Provincial Governments ; and
- (e) whether any difficulties have arisen between British India and States, whose territory is contiguous in this respect, through the rules and regulations of excise not being uniform ?

Mr. A. H. Lloyd : (a) and (b). Yes.

(c) The information asked for by the Honourable Member is contained in the Pamphlet entitled, ' Summary of Proceedings—Excise Conference, New Delhi, 8th to 10th November, 1937 ' ; copies of which are available in the Library of the Assembly.

(d) Yes.

(e) Government of India have no information.

Dr. Sir Ziauddin Ahmad : In view of the fact that some provinces are against the excise duty altogether and increasing the excise in any shape or form, may I know how uniformity will be maintained ?

Mr. A. H. Lloyd : I do not know of any province that is at present opposed to the use of alcohol in medicines.

INCOME-TAX RELIEF TO CERTAIN COMPANIES IN BRITISH INDIA AND THE UNITED KINGDOM.

925. ***Mr. K. Santhanam :** Will the Honourable the Finance Member be pleased to state :

- (a) the amount of relief given by the United Kingdom Treasury under section 27 of the United Kingdom Income-tax Act, 1920, in each of the last three financial years, to companies incorporated in British India and operating and gaining profit in the United Kingdom ;
- (b) the total paid up capital of companies incorporated in the United Kingdom and operating in British India, which claimed double taxation relief from the Indian Treasury under section 49 of the Indian Income-tax Act, 1922, and the amount of such relief given during each of the last three financial years ; and
- (c) the amount of double taxation relief given, during each of the last three financial years, to United Kingdom residents who derive their income from investments in Indian guaranteed railways ?

Mr. A. H. Lloyd : (a) The information is not available in the published Annual Reports of the Commissioners of His Majesty's Inland Revenue.

(b) The information asked for is not available.

(c) I presume the Honourable Member refers to the guaranteed interest paid by certain Indian Railway Companies. The information is not available but the amount must be negligible as such income is not taxed in British India unless brought into British India.

Mr. K. Santhanam : With reference to part (b) of the question, may I know if the information with regard to the latter part also is not available ?

Mr. A. H. Lloyd : Yes, Sir, the answer is that it is not available ; the reason being that our records do not distinguish between rupee companies and sterling companies which get double taxation relief.

Mr. K. Santhanam : May I know what is the amount of double taxation relief given to British residents in India ?

Mr. A. H. Lloyd : That also is not available because no separate records are kept.

Mr. K. Santhanam : May I know whether any figures about double taxation are available at all ?

Mr. A. H. Lloyd : Yes, Sir, the total figures are available.

Mr. K. Santhanam : May I know if the Honourable Member will supply the figures which are available ?

Mr. A. H. Lloyd : The figures which are available are published in the Indian Income-tax Report annually.

Mr. S. Satyamurti : In view of the fact that the information asked for in clauses (a) and (b) is and will be highly important, if not conclusive, with regard to the discussion on the Income-tax Amendment Bill which is scheduled for the November Session, may I request the Honourable Member to be good enough to collect the information, and make it available to Honourable Members of this House ?

Mr. A. H. Lloyd : I am afraid it is impossible to give such an undertaking. As far as residents are concerned, the existing income-tax law does not distinguish between assesseees on the basis of their race or domicile, and it is therefore not possible to obtain any reliable figures because they are not on record in the proceedings of the Income-tax Department.

Mr. T. S. Avinashilingam Chettiar : May I know if I would be right to presume that most of the people who enjoy double taxation relief are Britishers ?

Mr. A. H. Lloyd : I think the Honourable Member is at liberty to make that presumption.

Mr. K. Santhanam : May I know if the amount of double taxation relief that the Britishers get in India is about twenty times that which Indian residents in Great Britain get ?

Mr. A. H. Lloyd : I am not in a position to confirm that allegation.

Mr. K. Santhanam : But is the Honourable Member in a position to deny that ?

Mr. A. H. Lloyd : No, Sir.

Mr. T. S. Avinashilingam Chettiar : Sir, I was not talking of being at liberty to make the presumption that most of the people who enjoy double taxation relief are Britishers. Am I correct in making that presumption ?

Mr. A. H. Lloyd : I am not in a position to rebut or confirm that presumption because the information necessary to rebut or confirm it is not available.

CERTAIN INCOME EXEMPTED FROM INCOME-TAX AND SUPER-TAX.

926. ***Mr. K. Santhanam :** Will the Honourable the Finance Member be pleased to state the amount representing that part of the total income, which the Central Government have exempted from income-tax and super-tax, in exercise of the powers conferred upon them by section 60 (1) of the Indian Income-tax Act, 1922, and of the assesseees whose incomes are included in the following sub-clauses of paragraph 17 of the Manual of Income-Tax

Sub-clauses of paragraph 17 of the Manual of Income-Tax, Nos. 6, 13 (a) to (g), 20 to 24, 26, 30, 31 and 41 ?

Mr. A. H. Lloyd : The Honourable the Finance Member gave certain rough estimates relating to pensions and leave pay in his speech on the Income-tax (Amendment) Bill on the 7th April last. For the remaining items figures are not available and could only be collected by examining each individual assessment.

Mr. K. Santhanam : May I know if the Income-tax Department will consider the desirability of having accurate statistics with reference to all these items separately ?

Mr. A. H. Lloyd : We will consider that.

INCOME FROM INTEREST ON SECURITIES OF RULING CHIEFS AND PRINCES EXEMPTED FROM INCOME-TAX AND SUPER-TAX ASSESSMENT.

927. ***Mr. K. Santhanam :** Will the Honourable the Finance Member be pleased to state the total amount of income from interest on securities held by, or on behalf of, Ruling Chiefs and Princes of India, which was exempted from income-tax and super-tax assessment, in the last financial year, under section 60 (paragraph 17, clause 8 of the Manual) of the Indian Income-Tax Act, 1922 ?

Mr. A. H. Lloyd : The information required is not available.

Mr. S. Satyamurti : May I take it that no such exemption was given ?

Mr. A. H. Lloyd : No.

Mr. S. Satyamurti : Then, may I know how many exemptions were given ?

Mr. A. H. Lloyd : I have said that unfortunately I am unable to answer that question.

Mr. S. Satyamurti : May I know how the Income-tax Department works if it gives exemption from income-tax to these Ruling Chiefs or Princes, if they do not keep any figures ? Do they do it arbitrarily, or do they consider the effect on the revenues of the State at all ?

Mr. A. H. Lloyd : If income is not assessed or taxed it will not be found in our assessment records. So far as the exemption is claimed and granted in assessment proceedings, we should only be able to find figures by a complete examination of all the assessment figures throughout India.

Mr. S. Satyamurti : I am asking whether, in deciding to give exemption or not, the Government of India apply their minds to the probable loss of revenue or do not apply their minds to it at all but merely go on mere rule of thumb.

Mr. A. H. Lloyd : I am afraid I am not able to say what is the condition of mind of the Government of India if an exemption is granted.

Mr. N. V. Gadgil : What are the grounds on which such exemptions are granted to Ruling Princes or Chiefs ?

The Honourable Sir James Grigg : The Honourable Member had better put that down.

Mr. K. Santhanam : May I know if the Honourable Member will consider the desirability of keeping statistics for this item also ? He has promised to consider in respect of other items.

Mr. A. H. Lloyd : I will consider the desirability or possibility of doing it : but I am very doubtful of its possibility.

INCOME FROM INDIAN GOVERNMENT STERLING SECURITIES HELD BY RESIDENTS OF THE UNITED KINGDOM.

928. ***Mr. K. Santhanam** : Will the Honourable the Finance Member be pleased to state the total income, accrued during each of the last three financial years, from Indian Governments Sterling Securities held by residents of the United Kingdom ?

The Honourable Sir James Grigg : The interest on sterling debt is given in Account No. 42A of the Finance and Revenue Accounts of the Government of India. Information as to the proportion of such interest which accrued to residents in the United Kingdom is not available.

Mr. President (The Honourable Sir Abdur Rahim) : The reply to this question of Mr. Badri Dutt Pande will be laid on the table.

STOPPAGE OF LICENCES OF CERTAIN SHOPKEEPERS IN LANDSDOWNE CANTONMENT.

†929. ***Mr. Badri Dutt Pande** : (a) Will the Defence Secretary be pleased to state whether it is a fact that licences of nearly one dozen shopkeepers, settled in Lansdowne Cantonment for the last forty years were stopped in February, 1928, by the Officer Commanding, 2|3rd Gurkha Rifles ?

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

(b) Is it a fact that after the matter was brought to the notice of the General Officer Commanding-in-Chief, Naini Tal, the licences were re-issued ?

(c) Is it a fact that after the re-issue of the licences to those shopkeepers, their shops were placed out of bounds for troops and a sentry was placed in the bazar to prevent troops from purchasing goods from those shops ?

Mr. C. M. G. Ogilvie : (a) No. Officers Commanding units are not concerned with the grant or cancellation of licences under the Cantonments Act. In this connection the attention of the Honourable Member is invited to sections 210 to 212 of the Cantonments Act. The licences have not been cancelled by the Cantonment Board.

(b) Does not arise. Headquarters, Eastern Command, were not approached.

(c) The Officer Commanding the unit in whose Lines the bazar in question is situated placed it out of bounds for the men of his unit on medical and sanitary grounds. This occurred, however, in 1938 and not in 1928.

A sentry would normally be placed at the entrance to the bazar not only to warn troops that it was out of bounds but to ensure that the Commanding Officer's orders were obeyed.

PERSONS ARRESTED IN AND EXTERNEED FROM DELHI FOR POLITICAL REASONS.

930. ***Mr. T. S. Avinashilingam Chettiar :** Will the Honourable the Home Member state :

- (a) the number of persons arrested in Delhi and round about since the beginning of this year for political reasons ;
- (b) the number of persons externed from and not allowed to enter Delhi ; and
- (c) for what reasons ?

The Honourable Mr. R. M. Maxwell : (a) Seventy persons were arrested for picketing during the disturbances on July 22nd, 1938, under the provisions of section 7 of the Criminal Law Amendment Act, 1932. One person has been prosecuted for sedition under section 124A of the Indian Penal Code.

(b) and (c). Three persons have been externed from Delhi under section 3 of the Punjab Criminal Law Amendment Act, 1935, for a period of one year each : two because they made seditious speeches and one because there was good reason to believe that he was not observing an undertaking he had given to refrain from illegal and subversive activities.

Mr. T. S. Avinashilingam Chettiar : May I know, with reference to clause (a), whether the seventy were arrested owing to this temple trouble and only one for sedition ?

The Honourable Mr. R. M. Maxwell : No. The seventy were arrested in connection with a *hartal* : they were interfering with trade in Subzimundi.

Prof. N. G. Ranga : Is it not a fact that main object of this agitation was to make the Government of India grant responsible Government to the Delhi Province ?

The Honourable Mr. R. M. Maxwell : That is a matter of opinion.

Prof. N. G. Ranga : Is it not a fact that this particular demand was communicated to the Government of India by the District Congress Committee of Delhi ?

The Honourable Mr. R. M. Maxwell : Which particular demand ?

Prof. N. G. Ranga : This demand for the grant of responsible Government for the Delhi Province ?

The Honourable Mr. R. M. Maxwell : I am not aware of that.

Mr. T. S. Avinashilingam Chettiar : May I know if these seventy organised agitation against the Government or what ?

The Honourable Mr. R. M. Maxwell : I do not know what the organisation behind them was.

Prof. N. G. Ranga : Is the Honourable Member aware of the demands put forward by the District Congress Committee of Delhi in regard to the grant of responsible Government and also in regard to their request to get this Delhi Province amalgamated with the United Provinces ?

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

Mr. Lalchand Navalrai : May I know whether these persons who were arrested are still under arrest or have they been released ?

The Honourable Mr. R. M. Maxwell : I believe they have all been released long ago.

EXCISE DUTY ON MATCHES.

931. ***Mr. T. S. Avinashilingam Chettiar** : Will the Honourable the Finance Member state :

- (a) whether Government have received any representation from the match industry for the reconsideration of the excise duty on the industry ;
- (b) what has been the effect of the duty on the industry ;
- (c) whether the output has increased or any of the factories closed after the imposition of the duty ;
- (d) what was the income in the last financial year out of this duty ; and
- (e) how many cottage factories have applied for and received rebates, and what has been the effect of the duty on the cottage industry ?

Mr. A. H. Lloyd : (a) There has been no specific representation on this subject from the industry, but recently representations from two Indian Match Manufacturers' Associations were received in which it was suggested *inter alia* that Government should reduce the rate of duty on half size matches in boxes containing not more than sixty sticks.

(b) and (c). I lay two statements on the table showing the output during the years 1933-34 to 1937-38 and the number of factories at work on the 31st March, 1934, 1935 and 1936. It will be observed that there has been no marked decline in the output except in the year 1934-35 when the duty was imposed and this was at any rate partly due to forestalling.

(d) Rs. 1,94,99,074.

(e) I invite the attention of the Honourable Member to the answer to his question No. 80 on the 25th August, 1937. Later information is being collected and will be laid on the table of the House in due course.

(i) Statement showing the quantity of matches produced during the years 1933-34 to 1937-38.

| Year. | Gross of boxes. |
|--|-----------------|
| 1933-34 (including Burma) | 25,000,000* |
| 1934-35 " " | 16,499,200 |
| 1935-36 " " | 24,381,653 |
| 1936-37 " " | 24,152,822 |
| 1936-37 (Eleven months ending February 1937 and excluding Burma) | 19,017,850 |
| 1937-38 (Eleven months ending February 1938 and excluding Burma) | 19,710,155 |

* Estimated figure. Exact figure not available.

(ii) Statement showing the number of match factories on the 31st March, 1934, 1935 and 1936.

| | 31st March 1934. | 31st March 1935. | 31st March 1936. |
|---------------------------|---------------------|---------------------|---------------------|
| Regular factories | 47 | 45 | 45 |
| Cottage factories | 140—145 | 78 | 88 |
| Total | 187—192 | 123 | 133 |

Seth Govind Das : What have the Government decided about the representation from the two Match Manufacturers' Associations to the Government regarding half-sized matches ?

Mr. A. H. Lloyd : It is still under consideration.

Mr. T. S. Avinashilingam Chettiar : May I know whether anything is under consideration to give relief to cottage match factories ?

Mr. A. H. Lloyd : I do not think that arises out of this question, Sir.

PURCHASE OF AEROPLANES FOR HIS EXCELLENCY THE VICEROY.

932. ***Mr. T. S. Avinashilingam Chettiar :** Will the Defence Secretary state :

(a) the amount of money spent in the recent purchase of two aeroplanes for His Excellency the Viceroy ;

(b) whether they are for the personal use of His Excellency (front page of the *Hindustan Times*, dated the 27th August, 1938) ; and

- (c) whether expenses for the purchase and maintenance will be met by the Government of India, and if so, whether they have been provided for in the budget ?

Mr. C. M. G. Ogilvie : (a) Two ' Envoy ' aircraft have been purchased for the Royal Air Force and are within the authorised aircraft establishment of that force. The cost of each complete machine is approximately £7,500.

(b) The article referred to is incorrect. These aircraft are for communication duties in the Royal Air Force.

(c) Expenditure for their purchase and maintenance will be met from the Defence Estimates, and is within the normal budget allotment. No additional amount has been provided.

CUSTOMS DUTY COLLECTED AT CERTAIN PORTS.

933. ***Sri K. B. Jinaraja Hegde :** (a) Will the Honourable the Finance Member be pleased to state the total customs duty collected at the following ports during the past five years :

- (i) Mangalore,
- (ii) Malpe,
- (iii) Honnavai, and
- (iv) Bhatkal ?

(b) What is the total quantity of goods (in weight) exported and imported in the ports stated in part (a) for the last five years ?

(c) Are Government aware that exports and imports through the ports stated in part (a) are seriously affected owing to the construction of Cochin Port ?

Mr. A. H. Lloyd : (a) and (b). I lay a statement on the table of the House containing such information as is available.

(c) The figures given in the statement laid on the table of the House do not support this conclusion.

Statement showing (a) the total customs collections and (b) value of imports and exports at the ports of Mangalore, Malpe and Honavar during the five years ending 1935-36.

| | | Figures in thousands of rupees. | | | | |
|-----------|---------|---------------------------------|----------|----------|----------|----------|
| | | (a) | | | | |
| | | 1931-32. | 1932-33. | 1933-34. | 1934-35. | 1935-36. |
| Mangalore | | 1,59 | 1,75 | 2,92 | 7,62 | 5,94 |
| Malpe | | 9 | 5 | 5 | 7 | 45 |
| Honavar | | 8 | 4 | 25 | 27 | 5 |
| | | (b) | | | | |
| Mangalore | | 1,07,36 | 1,11,59 | 1,22,35 | 1,09,30 | 1,38,45 |
| Malpe | | 67 | 71 | 68 | 97 | 99 |
| Honavar | | 2 | 4 | -- | 4 | -- |

No information is available regarding the minor port of Bhatkal.

ABOLITION OF THE WESTERN COMMAND.

934. ***Mr. Abdul Qaiyum** : Will the Defence Secretary please state :

- (a) if he has read the news item under the caption " Western Command " in the *Hindustan Times*, dated the 28th August, 1938, at page 7 ;
- (b) whether the Western Command is being abolished
- (c) the reasons for this step ; and
- (d) whether any economy will result in consequence and, if so, its approximate amount ?

Mr. C. M. G. Ogilvie : (a) and (b). Yes.

(c) and (d). Details of the reasons for this step and the savings to be expected therefrom are given in section 15, page 7 of the pamphlet " Summary of Important Matters concerning the Defence Services in India, 1937-38 ".

Prof. N. G. Ranga : Is a copy of the report available in the Library ?

Mr. C. M. G. Ogilvie : It has been issued to all Members of this House.

Sardar Mangal Singh : May I know if, in future, there will be three Commands instead of four ?

Mr. C. M. G. Ogilvie : Yes.

GOVERNMENT CONTROL OVER THE IMPERIAL BANK OF INDIA.

935. ***Babu Kailash Behari Lal** : (a) Will the Honourable the Finance Member be pleased to state the statutory privileges enjoyed by the Imperial Bank of India ?

(b) What is the extent of control exercised by the Government of India in the matter of administration of the Imperial Bank of India ?

The Honourable Sir James Grigg : (a) and (b). The Honourable Member is referred to the Imperial Bank of India Act, 1920, as modified up to the 1st May, 1935, section 45 of the Reserve Bank of India Act and the Agreement provided therein.

Mr. S. Satyamurti : With regard to the actual administration of the Bank, may I take it that in view of the previous answers of the Honourable the Finance Member, the Government of India exercise no control whatever ?

The Honourable Sir James Grigg : In the day to day administration, no.

Prof. N. G. Ranga : Is it not one of the terms of the agreement between the Government of India and the Imperial Bank of India that the Imperial Bank of India should establish more and more branches in different parts of India ?

The Honourable Sir James Grigg : I don't think so.

REFUSAL TO GRANT EXCISE DUTY ON PETROL AND KEROSENE OIL TO ASSAM.

936. ***Mr. Kuladhar Chaliha** : (a) Will the Honourable the Finance Member please state the reason for the refusal to grant excise duty on petrol and kerosene oil produced in the Province of Assam to the Government of Assam in spite of the repeated representations of the Government of Assam and the Provincial Legislature ?

(b) Are Government prepared to reconsider the matter in view of the deficit of fifteen lakhs of the Assam Government ?

The Honourable Sir James Grigg : (a) I would refer the Honourable Member to paragraph 15 of the Niemeyer Report.

(b) No.

Mr. Kuladhar Chaliha : Is it not a fact, Sir, that at the Conference of Finance Ministers the Government of India agreed substantially to the proposal of the Assam Government ?

The Honourable Sir James Grigg : No, certainly not.

Mr. Kuladhar Chaliha : May I know, Sir, why the cost of the Assam Rifles is partially saddled on the revenues of the province, while they are mainly kept for the frontier and excluded areas ?

The Honourable Sir James Grigg : The Honourable Member had better read paragraph 15 of the Niemeyer Report which deals with the Assam Rifles also.

Maulvi Abdur Rasheed Chaudhury : May I know if the Government of India are thinking of compensating the Assam Government for the deficit of 15 lakhs ?

The Honourable Sir James Grigg : It is a pretty far-reaching principle to start compensating Provincial Ministries whenever they are in a deficit. It would be an encouragement to run into deficit.

Prof. N. G. Ranga : Will Government consider the desirability of abolishing the duty on kerosine oil and reduce the price of the oil so that the poor people may be benefited ?

The Honourable Sir James Grigg : Government do not make any announcement of their intentions in regard to taxation policy in advance.

INDIAN CLERKS OF THE INDIAN ARMY CORPS OF CLERKS.

937. ***Babu Kailash Behari Lal** : Will the Defence Secretary be pleased to state :

(a) from which date clerks in the ordinary grade of the Indian wing of the Indian Army Corps of Clerks were promoted from the lower grade ;

(b) if it is not a fact that, immediately after a few Indian clerks were promoted to the ordinary grade, the Defence Department issued verbal instructions stopping promotions of other candidates eligible for promotion according to Government orders ;

- (c) under what conditions the promotions of such candidates were held in abeyance ;
- (d) if it is a fact that the Defence Department has even stopped grant of increments to those of them already promoted ; if so, why ;
- (e) what Government now propose to do in regard to the promotions from lower to the ordinary grade of the Indian wing ; and
- (f) if it does not create an anomaly that a few clerks should have been promoted, and those of them who were senior in the Corps should have been bereft of those promotions ?

Mr. C. M. G. Ogilvie : (a) Twelve clerks of the Indian Wing of the Indian Army Corps of Clerks at Army Headquarters were promoted in December last.

(b) and (c). Yes. These orders were issued to stop any further promotion of clerks who were not qualified under the terms of their engagement.

(d) Yes, for the same reason. The question of the relegation of these clerks, who were improperly promoted, is under consideration.

(e) The institution of tests in accordance with the terms of engagement and to ensure that only these who are efficient are promoted, is under consideration.

(f) Yes, it does. Hence the embargo on further promotion and the proposal to institute tests not only for those who have been promoted but for those whose names were submitted but were not promoted.

Mr. T. S. Avinashilingam Chettiar : May I know, Sir, if there are two kinds of instructions in the Defence Department, one verbal and another written ?

Mr. C. M. G. Ogilvie : I don't understand the question.

Mr. T. S. Avinashilingam Chettiar : With regard to clause (b) which refers to verbal instructions, I want to know if the Defence Department is in the habit of giving verbal and written instructions separately.

Mr. C. M. G. Ogilvie : No.

Mr. Badri Dutt Pande : With regard to part (b), is it a fact, Sir, that some of the clerks were promoted by the heads of the departments, but the A. G. did not publish Part II of the Orders, hence the promotions were stopped ?

Mr. C. M. G. Ogilvie : I cannot say that.

Mr. Badri Dutt Pande : May I know why Part II of the Orders was not published by the A. G. ?

Mr. C. M. G. Ogilvie : I cannot tell you that. I do not know.

Babu Kailash Behari Lal : With reference to part (e), how long will Government take to give effect to the promotions ?

Mr. C. M. G. Ogilvie : Not very long.

Mr. Badri Dutt Pande : Is it a fact, Sir, that the promotions of about 50 Indian clerks have been held back, and promotions have been given to all Europeans in the Defence Department ?

Mr. C. M. G. Ogilvie : It has nothing whatever to do with Indians and Europeans.

Babu Kailash Behari Lal : Is it not a fact that some of the clerks have been promoted and others have not been so promoted although those who have not been promoted come under the rules for promotion ?

Mr. C. M. G. Ogilvie : None of them ought to have been promoted. It is a mistake to promote any of them.

INDIAN CLERKS OF THE INDIAN ARMY CORPS OF CLERKS.

938. ***Babu Kailash Behari Lal :** (a) Will the Defence Secretary be pleased to state the conditions of service for clerks recruited in the Army Headquarters under the Indian Army Corps of Clerks ?

(b) What are the different grades of pay under the Indian Army Corps of Clerks for the Indian wing, and what is the pay for those grades ?

(c) What are the different grades under the Indian Army Corps of Clerks for the British wing and what is the pay for those grades ;

(d) What are the qualifications for promotion of clerks in the Indian wing from one grade to the other ?

(e) What are the qualifications for promotion of clerks in the British wing from one grade to the other ?

(f) How many clerks are there in each grade of the Indian wing of the Indian Army Corps of Clerks and that of the British wing of the Indian Army Corps of Clerks ?

Mr. C. M. G. Ogilvie : (a), (b) and (c). Yes. I lay on the table a paper giving the conditions of service of the British Wing, and a copy of the memorandum issued to candidates of the Indian Wing through the Federal Public Service Commission.

(d) For promotion from the lower division to the ordinary grade a clerk must be proved capable of intelligent noting and drafting or equivalent work. Promotion to the upper grade is by selection only.

(e) There are no specified qualifications. For promotion to warrant rank a man must possess a 1st class Army School Certificate. Apart from this, promotion is governed by efficiency.

(f) In the British Wing there are 31 Sergeants and 29 Staff Sergeants.

In the Indian Wing there are at present 114 lower grade and 12 upper grade clerks.

Statement showing general conditions of service of British personnel of the Army and Royal Air Force Headquarters Section of the Indian Army Corps of Clerks who are recruited from the British Army and Royal Air Force Units in India.

The establishment consists of the following three categories in the proportion indicated against each :

- | | |
|--------------------------------------|--|
| (1) Serjeants and Staff Serjeants .. | 60 per cent. of total complement of the Army and Royal Air Force Section of the Indian Army Corps of Clerks. |
| (2) Sub-Conductors | 25 per cent. Do. |
| (3) Conductors | 15 per cent. Do. |

Soldiers will be promoted to the rank of Serjeant from date of transfer to the Army and Royal Air Force Headquarters Section of the Indian Army Corps of Clerks, but pay and allowances of rank will be admissible only from the date of confirmation in appointment. Serjeants, if qualified and recommended, will be promoted to the rank of staff serjeant on completion of three years India Unattached List service. Service in the rank of serjeant under the age of 23 years will not reckon as qualifying service for promotion under the time-scale. Thereafter, promotions to the ranks of Sub-Conductor and Conductor will be made as vacancies occur, but until the full complement of the Army and Royal Air Force Headquarters section of the Corps has been attained, promotion will as a temporary arrangement be on the following time-scale :

- (1) From Staff-Serjeant to Sub-Conductor, after a total of nine years' departmental India Unattached List service, subject to the condition that the individuals concerned are not less than 32 years of age, and that the number holding the rank of Sub-Conductor does not exceed 25 per cent. of the total number of warrant and non-commissioned officers actually serving in the Army and Royal Air Force Section at the time.
- (2) From Sub-Conductor to Conductor, after a total of 16 years departmental India Unattached List service, subject to the condition that the individuals concerned are not less than 39 years of age and that the total number holding the rank of Conductor does not exceed 15 per cent. of the total number of warrant and non-commissioned officers actually serving in the Army and Royal Air Force Section at the time.

The promotion under a time-scale will not be automatic but will depend on the candidate being recommended as fit in all respects.

Rates of pay.

- | | |
|---|--|
| (a) On probation or while employed in a temporary or officiating appointment. | Rs. 190 per mensem. (Consolidated). |
| (b) On transfer to the Army and Royal Air Force Headquarters Section of the Indian Army Corps of Clerks and on further promotion. | Pay and allowances of ranks, and all concessions admissible to other personnel in the Indian Army Corps of Clerks. |

The following are the approximate total emoluments admissible :

Serjeant.

| | |
|-----------------|---------------------|
| Single | Rs. 253 per mensem. |
| Married | Rs. 283 per mensem. |

Staff-Serjeant.

| | |
|-----------------|---------------------|
| Single | Rs. 293 per mensem. |
| Married | Rs. 323 per mensem. |

Sub-Conductor.

| | | | | |
|---------|----|----|----|---------------------|
| Single | .. | .. | .. | Rs. 378 per mensem. |
| Married | .. | .. | .. | Rs. 408 per mensem. |

Conductor.

| | | | | |
|---------|----|----|----|---------------------|
| Single | .. | .. | .. | Rs. 413 per mensem. |
| Married | .. | .. | .. | Rs. 443 per mensem. |

In the case of married ranks, a sum of Rs. 10 per mensem is allowed in addition for each child upto three and Rs. 5 per mensem for each child above that number.

GOVERNMENT OF INDIA.

DEFENCE DEPARTMENT.

Simla, the 31st July, 1934.

(As amended up to 30th June, 1937.)

Revised rates of pay and terms of service for civilian clerks of the Army and Royal Air Force Headquarters Section of the Indian Army Corps of Clerks.

(i) *Present rates of pay—*

| <i>Upper Division.</i> | | | | |
|------------------------|----|----|----------------------|---|
| Selection Grade | — | .. | Rs. 250—10—300 | } |
| Ordinary Grade | .. | .. | Rs. 100—7½—250 | |
| <i>Lower Division</i> | .. | .. | Rs. 50—4—90—3—120 | |
| <i>Lady clerks</i> | .. | .. | Rs. 100—5—150 | } |
| <i>Stenographers</i> | .. | .. | Rs. 125—5—180—10—300 | |

plus 20 per cent. headquarters allowance.

NOTE.—All civilian clerks appointed to the Army and Royal Air Force Headquarters Section of the Indian Army Corps of Clerks will be entitled to the above rates of pay irrespective of the date of their first entry into Government service.

(ii) *Conditions of Service—*

- (a) All initial recruitment to the Army and Royal Air Force Headquarters Section will be made in the Lower Division of the Indian Army Corps of Clerks for an initial period of 10 years. Candidates will be required to undergo a period of probation for one year. During the probationary period they will not be enrolled but will fill appointments within the authorised establishment. On completion of their probationary period and if considered suitable (and they are accepted) for the corps, they will be enrolled under the Indian Army Act on Form No. I.A.F. K-1165 for a period of 9 years which, with the probationary period of one year, will complete the first period of 10 years for which they will serve, provided that His Majesty shall so long require their services. Thereafter they will be allowed to continue in the service at the discretion of the Branch of Army Headquarters concerned or the Royal Air Force Headquarters, until they reach the age of 55 years, unless they themselves apply for their discharge before attaining that age, or their services are no longer required. When they have served the initial period of 10 years, they will be entitled to receive their discharge within 3 months from the date of applying for it, unless war is imminent or existing or the establishment is 10 per cent. below strength. In the event of desertion, service between the date of desertion and that of apprehension or surrender shall not reckon as service towards discharge. They must be willing to go wherever ordered, by land, sea or air, and must not allow any caste usage to interfere with the duties for which they are enrolled.

They will be subject to the Civil Service Regulations in respect of leave and pension. They will be subject in all ways to Indian Military Law and will be liable to be tried by Court Martial for any offence. They will not be eligible to join any service association.

- (b) Appointments to the Ordinary and Selection Grades will be made by promotion. Other things being equal, promotion will be by seniority as vacancies occur provided the individual is qualified and efficient.

Efficiency Bar—Lower Division.—Before promotion in the Lower Division above Rs. 90 *per mensem*, clerks will be subjected to an efficiency test and only those qualifying will be entitled to the higher rates.

Upper Division—Selection Grade.—Promotion to the selection grade of Rs. 250—10—300 will be entirely by selection.

No increment in pay will be given as a matter of right, the head of the Branch concerned being empowered to withhold increments in cases of inefficiency or misconduct.

NOTE.—The above conditions do not apply to lady clerks.

S. B. JACKSON,

Lieutenant-Colonel,

Officer on Special Duty, Army (now Defence) Department.

[A. D. u|o No. 3755 (A.D.-3.)]

Military Privileges.

(Para. I, Chapter VIII, Manual of Indian Military Law.)

The more important of the privileges conferred on persons subject to the Indian Army Act are as follows :

- (i) The pay of an officer or soldier is protected from any deductions other than those authorised by Royal Warrant or by Act of the Governor General in Council. Penal deductions are legalised by the Indian Army Act, and other deductions by Royal Warrant.
- (ii) All Government pensions (including military pensions) are protected from attachment in the execution of decrees of civil courts.
- (iii) An officer or soldier serving in a military capacity who is a party to a suit and cannot obtain leave of absence may authorise any person, in writing, to sue or defend in his stead.
- (iv) A power-of-attorney to institute or defend a suit is exempt from fees under the Court Fees Act.
- (v) When serving under war conditions, persons subject to the Indian Army Act are protected in respect of civil and revenue litigation under the provisions of the Indian Soldiers' Litigation Act, 1918.
- (vi) Persons subject to the Indian Army Act on duty or on the march, as well as their authorised followers, families (including families of such followers), horses, baggage and transport, are exempt from all tolls, except certain tolls for the transit of barges, etc., along canals.

PROMOTIONS AND ALLOWANCES OF INDIAN SEPOYS AND BRITISH SOLDIERS.

939. *Mr. Ram Narayan Singh : (a) Will the Defence Secretary be pleased to state the numbers of Indian sepoy and British soldiers, separately, who have received Viceroy's commissions since 1930 by way of promotions, and also the fact whether any Indian sepoy or any British soldier has since then been promoted to King's commission ?

(b) Is it a fact that since 1932 pay and allowances of British soldiers have been increased three times? Has there been any corresponding increase in the pay and allowances of Indian sepoy and officers, and if so, what and when and with what effects on the finance?

Mr. C. M. G. Ogilvie : (a) Since 1930, 2,259 Indian sepoy have been promoted to the rank of Viceroy's Commissioned Officer. Since December, 1934, 101 Indian sepoy have been commissioned as Indian Commissioned Officers, besides a number who have been given honorary King's commissions. British soldiers are not eligible for Viceroy's commissions. Until 1936, the annual allotment of vacancies to British soldiers for King's commissions, after passing through Woolwich or Sandhurst, was 36. Since then, the number has been laid down by the Army Council from time to time and for 1937-38 was 30.

(b) I refer the Honourable Member to the answers given by me to starred questions No. 225 asked by Mr. T. S. Avinashilingam Chettiar on the 16th August, 1938, and No. 813 asked by Mr. B. D. Pande on the 7th September, 1938.

AREAS OF MILITARY GROUNDS IN BIHAR.

940. ***Mr. Ram Narayan Singh :** (a) Will the Defence Secretary be pleased to state the numbers and total areas of military grounds in the Province of Bihar?

(b) How many of these lands are situate on the Grand Trunk Road, falling in the Province of Bihar?

(c) Has any of these lands mentioned in parts (a) and (b) above been used for military purposes within the last 12 years and, if so, which of them and how many times?

(d) If the answer to part (c) be in the negative, is it the intention of Government to lease out these lands for agricultural purposes?

Mr. C. M. G. Ogilvie : (a) and (b). The information required by the Honourable Member is contained in Defence Department Notification No. 235, which appeared in the Gazette of India, dated the 1st April, 1937.

(c) and (d). Government have no information. The general practice is that the camping grounds are used whenever required in connection with training moves, relief moves, etc.

The Honourable Member is also referred to my reply to part (d) of Mr. T. S. Avinashilingam Chettiar's question No. 226 of the 16th August, 1938, and supplementary questions and answers arising therefrom.

Prof. N. G. Ranga : Are these lands leased out at least for grazing purposes?

Mr. C. M. G. Ogilvie : I expect that some of them are.

PLIGHT OF THE INDIANS IN ADEN HOLDING SHARES IN THE RESERVE-BANK OF INDIA.

941. *Mr. Ram Narayan Singh : (a) Will the Honourable the Finance Member be pleased to state whether, in keeping with the promise made by him while answering a supplementary question, arising out of the question No. 252 on the 16th August, 1938, he has considered the plight of the Indians in Aden holding shares in the Reserve Bank of India, and if so, what his decision is ?

(b) What is the practice regarding the payment of interest to holders of rupee securities in England ?

The Honourable Sir James Grigg : (a) I made no such promise.

(b) The payment is made by means of rupee drafts on India.

REPORT OF THE UNITED PROVINCES AND BIHAR GOVERNMENTS' JOINT POWER ALCOHOL COMMITTEE.

942. *Babu Baijnath Bajoria : (a) Will the Honourable the Finance Member be pleased to state whether a joint committee was appointed by the United Provinces and Bihar Governments to enquire into the possibilities of manufacture of power alcohol from sugar molasses ?

(b) Did that committee recommend :

- (i) that power alcohol can be economically manufactured from sugar molasses ;
- (ii) that the power alcohol industry should be established under the control of Provincial Governments ;
- (iii) that uniform policy throughout India is needed in this matter ; and
- (iv) that legislation on an all-India basis is necessary in this matter ?

(c) With reference to part (ii) of the above recommendation, have any of the Provincial Governments taken any steps for the establishment of the power alcohol industry ?

(d) Has any representation been received by the Government of India from any Provincial Government to enact an all-India legislation in the matter ?

(e) Do Government contemplate any legislation in the matter with a view to assisting the establishment of the power alcohol industry in the country ? If not, why not ?

(f) What is the policy of Government towards the establishment of such an industry in India ?

The Honourable Sir James Grigg : (a) Yes.

(b) to (f). The Government of India have not yet seen the report of the Committee and they think it premature and indeed impossible at present to indicate their attitude to the various questions of policy which may arise out of it.

Mr. S. Satyamurti : Have Government, Sir, addressed any of the Provincial Governments on this matter ?

The Honourable Sir James Grigg : I should like to have notice of that.

PRODUCTION OF KHANDSARI SUGAR.

943. ***Babu Baijnath Bajoria** : (a) Will the Honourable the Finance Member be pleased to state the total production of Khandsari sugar during each of the years 1936-37 and 1937-38 ?

(b) Is it not a fact that, though the production of Khandsari sugar in 1937-38 is estimated between one and two lakhs of tons, the collection of the excise duty on this account had been about Rs. 50,000 only ? If so, what are the reasons for such small collection ?

The Honourable Sir James Grigg : (a) Exact statistics of the production of khandsari sugar are not available. Production during the seasons 1936-37 and 1937-38 is, however, estimated at 100,000 tons and 125,000 tons respectively.

(b) The small collection of duty is due to the fact that most of the khandsari factories are not " factories " as defined in the Sugar (Excise Duty) Act, 1934, and, therefore, the sugar issued therefrom is not liable to duty.

Mr. Badri Dutt Pande : May I know, Sir, whether any representations have been received from the Rohilkund Division demanding the abolition of this excise duty on Khandsari sugar ?

The Honourable Sir James Grigg : The Honourable Member had better put that down.

Mr. Badri Dutt Pande : Considering that there is a good deal of discontent in the constituency which I represent, is it the intention of the Government to abolish this duty on hand made sugar ?

The Honourable Sir James Grigg : There is also a good deal of discontent on the part of the regular factories that the excise duty is not sufficiently charged on Khandsari production.

Mr. Badri Dutt Pande : On hand made industry ?

The Honourable Sir James Grigg : I think there is a good deal of evasion of the provisions of the Sugar (Excise Duty) Act.

Maulvi Abdul Wajid : May I know what is the amount of excise duty so far realised on account of this hand made sugar ?

The Honourable Sir James Grigg : The Honourable Member had better put down a question.

MARKS FOR *Viva Voce* EXAMINATION FOR THE INDIAN CIVIL SERVICE ETC.

944. *Mr. M. Ananthasayanam Ayyangar : (a) Will the Honourable the Home Member be pleased to state if the marks in the oral examination fixed for the Indian Civil Service and Financial Civil Service tests are not the determining factors in the success of a candidate ?

(b) Will the Honourable Member please lay on the table a list of the candidates during the last five years, who would have been within the first ten ranks in each year, if the marks for oral examination had not been taken into account ?

(c) Will he please state how many of these ten were declared successful in each year ?

The Honourable Mr. R. M. Maxwell : (a) No, the determining factor is the aggregate number of marks obtained by candidates in all subjects including the oral examination, provided that the candidates must satisfy the Federal Public Service Commission in both the *viva voce* and the written test.

(b) and (c). A statement is laid on the table which gives the required information.

Statement showing certain particulars of candidates who obtained the first ten places in order of merit in the written portion of the examination at the Indian Civil Service examination held in India in 1934.

| Rank in the written examination. | Rank in the whole examination (including <i>Viva Voce</i>). | Name. | Whether appointed or not. | Remarks. |
|----------------------------------|--|----------------------------|---------------------------|---------------------------------------|
| 1 | 2 | Bidhu Sekhar Basu .. | Appointed .. | } Appointed against 'open' vacancies. |
| 2 | 1 | Aditya Nath Jha .. | " .. | |
| 3 | 3 | K. Raman .. | " .. | |
| 4 | 4 | Zafarul Ahsan .. | " .. | |
| 5 | 6 | Masarrat Hussain Zuberi .. | " .. | Nominated. |
| 6 | 10 | V. Ramanathan .. | Not appointed | |
| 7 | 16 | Raghunath Prasad Padhi .. | " .. | |
| 8 | 5 | Lallan Prasad Singh .. | " .. | |
| 9 | 11 | N. Subra Manian .. | " .. | |
| 10 | 33 | Pran Nath Bhalla .. | " .. | |

Note.—The number of 'open' vacancies at the examination was 4.

Statement showing certain particulars of candidates who obtained the first ten places in order of merit in the written portion of the examination at the Indian Civil Service examination held in India in 1935.

| Rank in the written examination. | Rank in the whole examination (including Viva Voce). | Name. | Whether appointed or not. | Remarks. |
|----------------------------------|--|-----------------------|---------------------------|-------------------------------------|
| 1 | 1 | Shishir Kumar Banerji | Appointed | Appointed against 'open' vacancies. |
| 2 | 3 | Brahmadeva Mukerji | " | |
| 3 | 2 | Ghulam Ahmad Madani | " | |
| 4 | 6 | R. Thiruvengkatachari | Not appointed. | |
| 5 | 4 | Agha Abdul Hamid | Appointed | Appointed against 'open' vacancy. |
| 6 | 5 | Lallan Prasad Singh | Not appointed. | |
| 7 | 8 | D. Umanatha Rao | " | |
| 8 | 11 | J. Balasundara Rao | " | |
| 9 | 9 | Jagjit Singh | " | |
| 10 | 16 | Mohammad Owais | " | |

Note.—The number of 'open' vacancies at the examination was 4.

Statement showing certain particulars of candidates who obtained the first ten places in order of merit in the written portion of the examination at the Indian Civil Service examination held in India in 1936.

| Rank in the written examination. | Rank in the whole examination (including Viva Voce). | Name. | Whether appointed or not. | Remarks. |
|----------------------------------|--|-----------------------|---------------------------|-----------------------------------|
| 1 | 1 | R. Thiruvengkatachari | Appointed | Appointed against 'open' vacancy. |
| 2 | 7 | K. S. Sundararajan | Not appointed. | |
| 3 | 10 | Sayyid Altaf Husain | " | |
| 4 | 13 | P. P. Vaidyanathan | " | |
| 5 | 19 | Mohd. Husain Sufi | " | |
| 6 | 14 | Harnandan Prasad | " | |
| 7 | 3 | S. V. Sohoni | Appointed | Appointed against 'open' vacancy. |
| 8 | 4 | Shri Pat | Not appointed. | |
| 9 | 17 | P. V. Ramanathan | " | |
| 10 | 26 | A. S. Narayana Pillai | " | |

Note.—The number of 'open' vacancies at the examination was 3.

Statement showing certain particulars of candidates who obtained the first ten places in order of merit in the written portion of the examination at the Indian Civil Service examination held in India in 1937.

| Rank in the written examination. | Rank in the whole examination (including Viva Voce). | Name. | Whether appointed or not. | Remarks. |
|----------------------------------|--|--------------------------|---------------------------|---------------------------------------|
| 1 | 3 | P. P. Vaidyanathan .. | Appointed .. | } Appointed against 'open' vacancies. |
| 2 | 2 | Radheshyam Ojha .. | " .. | |
| 3 | 6 | K. Narayanan .. | Not appointed. | |
| 4 | 22 | Sayyid Altaf Husain .. | " .. | |
| 5 | 11 | K. S. Sundararajan .. | " .. | |
| 6 | 11 | P. C. Mathew .. | " .. | |
| 7 | 30 | S. R. Krishnamurthi .. | " .. | |
| 8 | 15 | Kuldip Singh Bhandari .. | " .. | |
| 9 | 19 | Bibhabasu Das .. | " .. | |
| 10 | 7 | Shanti Swarup Gupta .. | " .. | |

Note.—The number of 'open' vacancies at the examination was 5.

Statement showing certain particulars of candidates who obtained the first ten places in order of merit in the written portion of the examination at the Indian Civil Service examination held in India in 1938.

| Rank in the written examination. | Rank in the whole examination (including Viva Voce). | Name. | Whether appointed or not. | Remarks. |
|----------------------------------|--|-----------------------------|---------------------------|-------------------------------------|
| 1 | 9 | S. B. Velankar .. | Not appointed. | } Appointed against 'open' vacancy. |
| 2 | 11 | Vaqaar Ahmad Shaikh .. | " .. | |
| 3 | 6 | Manindra Nath Datta .. | " .. | |
| 4 | 1 | Bashir Ahmad Kureshi .. | Appointed .. | |
| 5 | 8 | S Ramachandran .. | Not appointed. | |
| 6 | 15 | Ramchand Tejmal Shahani .. | " .. | |
| 7 | 17 | Lakshmi Narsingh Acharya .. | " .. | |
| 8 | 14 | S. Govinda Menon .. | " .. | |
| 9 | 20 | K. V. Kasturi Rangan .. | " .. | |
| 10 | 18 | Q. Mujtuba Hasan Zinjani .. | " .. | |

Note.—The number of 'open' vacancies at the examination was 5.

Statement showing certain particulars of candidates who obtained the first ten places in order of merit in the written portion of the Indian Audit and Accounts, etc., Services examination held in 1934.

| Rank in the written examination. | Rank in the whole examination (including <i>Viva Voce</i>). | Name. | Whether appointed or not. | Remarks. |
|----------------------------------|--|-------------------------------|---------------------------|----------|
| 1 | 1 | Sanat Kumar Banerji | Yes. | |
| 2 | 3 | M. Krishna Iyer Hariharan | Yes. | |
| 3 | 6 | E. H. Lobo | Yes. | |
| 4 | 14 | Jnanadhir Sarma Sarker | No. | |
| 5 | 11 | Krishna Kant Bhargava | No. | |
| 6 | 15 | Tanjore Natesa Krishna Murti. | No. | |
| 7 | 4 | Harbans Lal Wadera | Yes. | |
| 8 | 2 | Sri Thandaveswara | Yes. | |
| 9 | 8 | Suresh Chandra Sen Gupta | Yes. | |
| 10 | 23 | Rabindra Nath Chatterjee | No. | |

Note.—No examination was held in 1933.

Statement showing certain particulars of candidates who obtained the first ten places in order of merit in the written portion of the Indian Audit and Accounts, etc., Services examination held in 1935.

| Rank in the written examination. | Rank in the whole examination (including <i>Viva Voce</i>). | Name. | Whether appointed or not. | Remarks. |
|----------------------------------|--|-----------------------|---------------------------|-------------------------------|
| 1 | 1 | G. Swaminathan | Yes. | |
| 2 | 21 | V. P. Nataraja Ayyar | No. | |
| 3 | 13 | Krishna Kant Bhargava | No. | |
| 4 | 6 | Durga Shankar Mathur | | Died before he was appointed. |
| 5 | 2 | Damodar Umanath Rao | Yes. | |
| 6 | 3 | J. Rama Rao | Yes. | |
| 7 | 20 | Bhabatosh Datta | No. | |
| 8 | 4 | Jagjit Singh | Yes. | |
| 9 | 8 | Rama Krishna | Yes. | |
| 10 | 30 | Madan Kishore | No. | |

Statement showing certain particulars of candidates who obtained the first ten places in order of merit in the written portion of the Indian Audit and Accounts, etc., Services examination held in 1936.

| Rank in the written examination. | Rank in the whole examination (including Viva Voce). | Name. | Whether appointed or not. | Remarks. |
|----------------------------------|--|-------------------------------|---------------------------|----------|
| 1 | 2 | V. N. Sukal | Yes. | |
| 2 | 15 | L. K. Narayanaswamy .. | Yes. | |
| 3 | 4 | Ramanath Krishnamurthy Ayyar. | Yes. | |
| 4 | 14 | A. Altaf Hussain .. | Yes. | |
| 5 | 9 | Tribhawan Nath Dar .. | Yes. | |
| 6 | 3 | V. V. Vedanta Chari .. | Yes. | |
| 7 | 5 | Hari Das Dhir | Yes. | |
| 8 | 1 | Akhil Chandra Bose .. | Yes. | |
| 9 | 7 | Kundan Lal Ghei .. | Yes. | |
| 10 | 20 | Bhagwan Das Toshniwal .. | No. | |

Statement showing certain particulars of candidates who obtained the first ten places in order of merit in the written portion of the Indian Audit and Accounts, etc., Services examination held in 1937.

| Rank in the written examination. | Rank in the whole examination (including Viva Voce). | Name. | Whether appointed or not. | Remarks. |
|----------------------------------|--|-------------------------|---------------------------|---------------------|
| 1 | 3 | L. Dattatraya Panke .. | Yes. | |
| 2 | 5 | K. S. Sundararajan .. | Yes. | |
| 3 | 1 | Gursaran Das Kalia .. | .. | Appointed to I.C.S. |
| 4 | 6 | Amiya Kumar Mukherji .. | Yes. | |
| 5 | 10 | Krishna Nayrayanan .. | .. | Medically unfit. |
| 6 | 2 | Brahmanand Shukla .. | .. | Medically unfit. |
| 7 | 7 | A. V. Venkateswaran .. | Yes. | |
| 8 | 4 | P. C. Mathew .. | Yes. | |
| 9 | 12 | Gregory Mathias .. | Yes. | |
| 10 | 28 | T. R. Venkataraman .. | No. | |

Note.—The examination for 1938 will be held in November, 1938.

Mr. M. Ananthasayanam Ayyangar : Is the oral examination held after the results of the written examination are announced ?

The Honourable Mr. R. M. Maxwell : No.

Prof. N. G. Ranga : Is it not a fact that in London the *viva voce* examination is held before the written examinations are started ?

The Honourable Mr. R. M. Maxwell : No.

Prof. N. G. Ranga : Is the Honourable Member sure of his facts ?

Mr. K. Santhanam : Is it not a fact that the *viva voce* examination is held after the results of the written examination are out ?

The Honourable Mr. R. M. Maxwell : No. The results are not out. So far as the Delhi examination is concerned, the written examination is held first in order to see whether there are any candidates who have not qualified themselves in the written examination and whose oral examination is, therefore, unnecessary. But the results of the written examination are not communicated to the persons conducting the oral examination.

Mr. K. Santhanam : May I know if the results of the written examination are not available to the people who conduct the oral examination ?

The Honourable Mr. R. M. Maxwell : No.

**PERSONS INTERESTED IN ANY CONCERN MANUFACTURING OR SUPPLYING
MATERIALS TO GOVERNMENT.**

945. ***Mr. M. Ananthasayanam Ayyangar :** Will the Honourable the Finance Member state if he has made any enquiries as he promised last year :

- (a) if any person employed in the Security Printing Works, Nasik, are interested as director in a company which supplies stationery and other materials to the works ;
- (b) if there are any others in the Indian Stores Department, Railway Standards Office, and Military Stores Department, who are interested in any concern manufacturing or supplying materials to the Government of India or to the railways ; and
- (c) if so, what is the result ; if not, why not ?

The Honourable Sir James Grigg : (a), (b) and (c). I made no such promise. I stated that the existing rules on the subject might be subjected to a re-examination ; the question is now under consideration in consultation with Provincial Governments. I would add that there is of course no person employed in the Security Printing Works, Nasik, interested as a director in a company which supplies stationery or other materials to the Works.

Mr. S. Satyamurti : What is the answer on the facts to clause (b) of the question, namely, " if there are any others in the Indian Stores Department, Railway Standards Office, and Military Stores Department, who are interested in any concern manufacturing or supplying materials to the Government of India or to the railways " ?

The Honourable Sir James Grigg : I should say that the answer is most definitely no. If the Honourable Member will refer to the previous discussion he will see that the whole question related to retired officers becoming directors.

Mr. M. Ananthasayanam Ayyangar : Is it not a fact that an investigation was promised by the Honourable the Finance Member ?

The Honourable Sir James Grigg : I did not promise any such investigation. I said that I was not going to engage myself in any heresy hunting into the past ; I said that Government will consider what regulations are necessary for the future.

Mr. T. S. Avinashilingam Chettiar : May I know whether the regulations which he promised to amend for the future have been carried through ?

The Honourable Sir James Grigg : The Honourable Member did not listen to the answer that I gave. I said that the question is now under consideration in consultation with the Provincial Governments.

Mr. S. Satyamurti : May I know whether that consideration includes also " the heresy-hunting " of retired men now interested in concerns supplying materials to the Government of India ?

The Honourable Sir James Grigg : No.

Mr. S. Satyamurti : Why not ?

The Honourable Sir James Grigg : Because the investigation now going on is confined to laying down general principles. The application of them will come into consideration after they have been laid down.

Mr. Manu Subedar : Have the Government considered the proposal to include a clause in all the contracts supplied to Government departments, to the effect that none of the directors or employees of the concern so supplying is a retired Government official ?

The Honourable Sir James Grigg : The Honourable Member had better wait and see the results of the examination which is going on and not try to get partial information out of me.

RELEASE OF MR. B. K. DUTT.

†946. ***Mr. Badri Dutt Pande** : Will the Honourable the Home Member be pleased to state :

- (a) if it is a fact that Mr. B. K. Datt, the Assembly Bomb Case prisoner, who was recently repatriated from the Andamans and is now in the Patna Jail, is suffering from recurring appendicular pain and the X-ray examination revealed that he is affected with tuberculosis ;
- (b) whether the Bihar Government have submitted a medical report on his health to the Government of India with a recommendation for his immediate release ; and

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

- (c) if so, what action Government have taken, or propose to take, in the matter ?

The Honourable Mr. E. M. Maxwell : (a) and (b). Yes.

(c) The Government of India have remitted the unexpired portion of the sentence passed on the prisoner on certain conditions and have requested the Government of Bihar to release him as soon as a written acceptance of those conditions is obtained from the prisoner.

SHIFTING OF THE ACCOUNTANT GENERAL'S OFFICE FROM RANCHI TO PATNA.

947. ***Mr. Ramayan Prasad :** (a) Will the Honourable the Home Member be pleased to state if his attention has been drawn to the articles published in the *Searchlight* and the *Indian Nation*, of the 3rd February, and the 3rd July, 1938, respectively, about the shifting of the Accountant General's office from Ranchi to Patna ?

(b) Is it a fact that not only the Provincial Government but the public of the whole Province of Bihar have been agitating for the shifting of the Accountant General's office to Patna ?

(c) Is it a fact that the headquarters of almost all the Accountant Generals' offices in India are located at the headquarters of the Local Government (capital town) of all the Provinces except that of Bihar ?

(d) Are Government aware that the Provincial Government of Bihar, in order to curtail unnecessary expenditure, have decided that their headquarters will now remain at Patna throughout the year and, if they go to Ranchi at all, it will be for a month or two only ?

(e) Is it a fact that, in view of the above decisions, the Honourable the Finance Minister of Bihar discussed and explained the difficulties and inconveniences which the Local Government anticipated due to the locations of the Accountant General's office at Ranchi, to the Auditor General of India ?

(f) Is it a fact that the Local Government of Bihar submitted a proposal to the Government of India for shifting the Accountant General's office from Ranchi to Patna, which has been rejected ?

(g) If the answers to the above parts be in the affirmative, are Government prepared to reconsider their decision in view of the inconveniences experienced by the Local Government ?

The Honourable Sir James Grigg : (a) My attention has been drawn to the article published in the *Searchlight* of the 3rd July 1938.

(b) Government have no information.

(c) The offices of the Accountant General, United Provinces, and Comptroller, Orissa, are not situated at the headquarters of the Local Government.

(d) Government have no information.

(e) Yes.

(f) Yes.

(g) No.

CONCESSION IN CUSTOMS TARIFFS TO BRITISH COLONIES.

948. *Mr. Manu Subedar : (a) Will the Honourable the Finance Member state under which heads of tariffs is the special concession made to " British Colony " ?

(b) What is the extent of this concession ?

(c) What is the reason for this concession ?

(d) Is India receiving any counterbalancing advantage from this concession and, if so, what ?

The Honourable Sir James Grigg : The question should have been addressed to the Honourable the Commerce Member.

REDUCTION OF THE BURDEN OF INTEREST CHARGES ON INDIA.

949. *Mr. Manu Subedar : (a) Will the Honourable the Finance Member state the extent to which the burden of interest charges in respect of the debts of India has been reduced on account of low money rates prevailing in the world ?

(b) Has the proposal for the conversion of the sterling debt in the United Kingdom been considered ? If so, will he state the reasons why such conversion has not been undertaken so far ?

(c) How much of the benefit of lower interest rates has been transferred to the Provincial Governments and Port Trusts and Municipalities ?

(d) Has a decision been reached with regard to the 1939—42 Loan, and can a general statement of policy in respect of the repayment of loans of early maturity be made ?

(e) Are there any other steps, which are in contemplation with a view to reducing the burden of interest charges on India ?

The Honourable Sir James Grigg : (a) I would refer the Honourable Member to the reply given in the Council of State to part (a) of question No. 67 on the 28th September, 1936.

(b) Government lose no opportunity of repatriating sterling debt but this can generally only be done gradually and as the loans mature.

(c) I would refer the Honourable Member to the Finance Department Resolution of the 26th March, 1937, which was published in the Gazette: Debts due by Provincial Government to the Central Government have been partially cancelled and for the rest consolidated at fixed rates of interest which reflect the past and to some extent the future savings to the Central Government from lower interest rates.

The comparatively few loans made by the Government of India to Port Trusts and Municipalities bear interest at rates only slightly higher than Government's own borrowing rate. These are ordinarily taken for a fixed number of years, and the rate of interest initially fixed is not changed.

(d) I am not prepared to make any statement general or particular on the subject.

(e) I do not quite understand what steps other than conversion or repayment the Honourable Member has in mind. The Government of India have of course no intention of embarking upon anything in the nature of repudiation.

Mr. Manu Subedar : I may assure the Honourable Member that there was no suggestion about repudiation at all, but that I was enquiring merely, as the period of low interest rates have been continuing a little longer than some cautious men hoped for, whether the Government of India are taking advantage of it in order to reduce the interest charges and if so, what steps hereafter they are contemplating ?

The Honourable Sir James Grigg : That depends upon dealing with each single maturity as it arises. During the current year the Government took advantage of the low borrowing rates to deal with the maturity this year and partly with the maturity of next year. They converted these maturities into an issue of 25 or 27 years run at a fraction over 3 per cent. And what better steps they could take I cannot see.

Mr. K. Santhanam : With reference to the answer to part (e) of the question, may I know whether Government are considering opening negotiations with Great Britain for the re-adjustment of their debt obligations ?

The Honourable Sir James Grigg : Certainly not.

Mr. K. Santhanam : Why not ?

The Honourable Sir James Grigg : It is repudiation and to call it re-adjustment does not make it any the less repudiation.

Mr. S. Satyamurti : May I know whether Government have exhausted all the possibilities of converting loans by the operations so far conducted, or are Government examining the possibility of further conversions in order to reduce interest charges ?

The Honourable Sir James Grigg : As maturities arise or shortly before maturities arise, the question of conversion is, of course, considered. Each maturity is considered as it arises. Only to a very limited extent is it possible to deal with such cases apart from a maturity date and I referred to one method as regards repayment of sterling debt in my budget speech last year.

Mr. M. Ananthasayanam Ayyangar : Is any scheme or formula under the consideration of the Government of India by which within a period of thirty years all the sterling loans will be converted into rupees ?

The Honourable Sir James Grigg : No.

Mr. M. Ananthasayanam Ayyangar : May I know whether there is no scheme or plan behind these conversions ?

The Honourable Sir James Grigg : Of course there is design.

Mr. M. Ananthasayanam Ayyangar : May I know in what period of time the Honourable Member expects to convert all the sterling securities into rupee securities ?

The Honourable Sir James Grigg : I do not know. I am not a prophet.

(b) WRITTEN ANSWERS.

FOUR-ANNA SILVER COINS.

950. *Mr. Manu Subedar : Will the Honourable the Finance Member state :

- (a) what is the preference shown by the public in respect of the four-anna nickel piece and the four-anna silver coin ;
- (b) in which of these two cases has a larger number of counterfeit been disclosed ; and
- (c) whether Government have considered the general position with regard to the minting of the smaller value silver coins and, if so, what are the conclusions which they have reached ?

The Honourable Sir James Grigg : (a) and (b). A statement showing the absorption of four-anna nickel and silver coins and the number of counterfeit coins of these denominations reported during the last three years is laid on the table.

(c) I am not clear exactly what information the Honourable Member seeks in this part of the question. If he will be good enough to explain rather more fully I will try to answer him.

(a) Statement showing absorption (+) and return from circulation (—) of four anna nickel and silver coins from 1935-36 to 1937-38.

| Year. | (Rs. 000). | |
|---------|--------------|--------------|
| | Nickel coin. | Silver coin. |
| 1935-36 | +382 | —791 |
| 1936-37 | +729 | +927 |
| 1937-38 | —265 | +1,394 |

(b) Statement showing the number of counterfeit nickel and silver four anna coins at treasuries and railway stations during the period from 1935-36 to 1937-38.

| Year. | Nickel coins. | Silver coins. |
|---------|---------------|---------------|
| 1935-36 | 11,320 | 9,777 |
| 1936-37 | 13,914 | 10,762 |
| 1937-38 | 12,628 | 8,645 |

RECRUITMENT OF SKILLED WORKMEN IN THE EVENT OF WAR.

951. *Prof. N. G. Ranga : Will the Defence Secretary be pleased to state :

- (a) whether the Assistant Technical Officer, Southern Command, met officials and representatives of various industries in Coimbatore and explained to them that he wanted them to help him in recruiting skilled workmen in the event of war ;

- (b) whether Government have decided to appoint honorary technical recruiting officers for the purpose of recruiting workmen who are at present working in various mills, workshops, etc.;
- (c) whether similar measures to recruit workmen are contemplated in other Provinces in India; and
- (d) whether trade unions in those industries from which such recruitment of skilled workers may be made, will be consulted as to their attitude towards this recruitment?

Mr. C. M. G. Ogilvie : (a) Yes.

(b) Honorary Assistant Technical Recruiting Officers are appointed to assist the technical recruiting staff on mobilization in the recruitment of skilled labour which is willing and available.

(c) Similar arrangements already exist in other Provinces.

(d) The matter is under consideration.

UNSTARRED QUESTION AND ANSWER.

GROUPING TOGETHER OF SCIENTIFIC DEPARTMENTS UNDER THE GOVERNMENT OF INDIA.

44. **Mr. S. Satyamurti :** Will the Honourable the Home Member please state :

- (a) whether Government are considering the possibility of grouping together all the scientific departments under the Government of India;
- (b) whether there is any proposal for the creation of a Board of Scientific Research as a separate department of the Government of India; and
- (c) when Government propose to give effect to this proposal?

The Honourable Mr. E. M. Maxwell : The Honourable Member is referred to the reply given to Mr. Santhanam's starred question No. 373 on the 22nd August, 1938.

MOTIONS FOR ADJOURNMENT.

MISHANDLING OF THE SHIVA TEMPLE AFFAIRS IN DELHI.

Mr. President (The Honourable Sir Abdur Rahim) : Order, order.

12 Noon.

I have received notice of motions for an adjournment of the business of the House from two Honourable Members. One Honourable Member is Babu Baijnath Bajoria and he has, I think, put in four motions in different terms. I will read the first one that he has put in. He wants to consider a definite matter of urgent public importance, namely, the tense situation created in Delhi on account of the mishandling of the position regarding the Shiva Temple in Queen's Gardens by the Local Authorities. He says :

“ My reasons for moving the above adjournment motion are that the tension in Delhi has greatly increased by the stabbing of the Sadhu of the Shiva temple, by

[Mr. President.]

lathi charge on innocent passersby and the promulgation of section 144 of the Criminal Procedure Code. The Local Government have by their tactlessness and want of imagination failed to handle the situation and there is a grave danger to public life and property."

The terms of the notice are not strictly in accordance with the practice of the House. Anyhow, the notice is there and I should like to know if there is any objection.

The Honourable Mr. R. M. Maxwell (Home Member) : Yes, Sir. I do wish to object to the discussion of this motion partly on the grounds which I urged the other day, namely, that it is difficult to enter into the circumstances surrounding these unfortunate disturbances without raising matters which are coming before a Civil Court and secondly because the alleged assailant of the Sadhu is before a Criminal Court today and, therefore, it will be impossible for the House to discuss these matters without encroaching on subjects which are before the Court. Apart from that, I would suggest that it is a subject which it would be better for the House not to discuss while the situation in Delhi is so delicate.

Mr. President (The Honourable Sir Abdur Rahim) : That is a matter with which I have nothing to do.

The Honourable Mr. R. M. Maxwell : It might be left to the House to say whether they would wish to discuss a general motion of this kind, in which it cannot be certain that some word may not be spoken in the course of the discussion which would tend to harden opinions in Delhi and possibly make it more difficult to maintain peace there.

Dr. Sir Ziauddin Ahmad (United Provinces Southern Divisions : Muhammadan Rural) : Is the matter *subjudice* now ?

Some Honourable Members : Yes.

Mr. President (The Honourable Sir Abdur Rahim) : As regards the point of order raised, I believe that the question of establishing the possession of the land in dispute is *subjudice* and so also the question of the complicity of the person alleged to have stabbed the Sadhu are now under investigation by the Court but in addition to these matters there are other allegations, and the fact that the situation is tense in Delhi and is one of a grave character. It is for the House to decide whether they consider it desirable to discuss this motion now, with reference to the rest of the allegations raised. If the House wishes to discuss the motion, I must warn the Members that name of the questions which are under adjudication by the Courts or under investigation by magisterial authority can be alluded to or touched upon during the discussion.

Babu Baijnath Bajoria (Marwari Association : Indian Commerce) : I want to make a statement.....

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member cannot make a speech at this stage.

As objection has been taken to leave being granted, will those Honourable Members who are in favour of leave being granted rise in their places ?

(More than 25 Members stood up.)

As more than 25 Members have stood up, leave is granted and the motion will be taken up at 4 o'clock.

That disposes of the other motions.

CRITICISM OF MR. PRESIDENT'S RULINGS OUTSIDE THE HOUSE.

The Honourable Sir Muhammad Zafrullah Khan (Leader of the House) : Sir, on the 8th September I brought to your notice and the notice of the House a statement which appeared in the papers of that morning issued by the Honourable the Leader of the Opposition and the Honourable the Leader of the Nationalist Party. That statement concerned the opinion delivered by you on the 5th September last. Since then I have had the opportunity of discussing the matter with the Leaders and representatives of the various Parties in the House, including the two Leaders who issued the statement. I am now in a position to inform you and the Members of the House that we are all agreed that it should not be open to any Member of the House to criticise directly or indirectly outside the House any ruling given, opinion expressed or statement made by the President in the discharge of his duties. If, however, any Member desires to make a statement regarding any expression of opinion or statement made by the President, he shall be entitled to do so in the House by permission of the President. That being so, I would submit that the matter need not be pursued further.

Mr. President (The Honourable Sir Abdur Rahim) : I am prepared to accept the agreement that has been arrived at among the Leaders of the Parties as a solution of the situation that has arisen, as that agreement is in harmony with the traditions and practice of the House. As regards the second part of the agreement, I would add that the Chair will ordinarily permit any Member who wishes to make any such statement with reference to what had been said by the President by way of expression of opinion or in the form of a statement, provided the Member does not wish to criticise any such statement by the President, but only seeks to elucidate any point or requests the Chair to reconsider the matter. If that is borne in mind, I am sure that the Chair will ordinarily permit any such statement to be made, provided of course that it does not unduly interfere with the proceedings of the House. The Leader of the House suggested that the matter need not be pursued further and if the House is agreeable to that course, I will drop the matter. Is that the wish of the House? (*Cries of "Yes" from all sides of the House*). Very well, the matter need not be pursued further.

REPORT OF THE PUBLIC ACCOUNTS COMMITTEE ON THE ACCOUNTS OF 1936-37.

The Honourable Sir James Grigg (Finance Member) : Sir, I lay on the table the Report of the Public Accounts Committee on the Accounts of 1936-37, Volume I, Parts I and II.

**Report of the Public Accounts Committee on the Accounts of 1936-37,
Volume I—Report, Part I—Civil, Posts and Telegraphs and Defence
Services.**

COMPOSITION OF THE COMMITTEE ON PUBLIC ACCOUNTS, 1938.

Chairman.

1. The Hon^{ble}. Sir JAMES GRIGG, K.C.B., K.C. S.J. Finance Member.

Elected Members.

Date of Election.

- | | | | |
|---|----|----|----------------------|
| 2. Mr. UMAR ALY SHAH | .. | .. | 25th February, 1938. |
| 3. Mr. B. DAS | .. | .. | Ditto. |
| 4. Sirdar JOGENDRA SINGH | .. | .. | Ditto. |
| 5. Prof. N. G. RANGA | .. | .. | Ditto. |
| 6. Mr. S. SATYAMURTI | .. | .. | Ditto. |
| 7. Bhai PARMA NAND | .. | .. | Ditto. |
| 8. Captain Sardar Sir SHER MOHAMMAD KHAN, C.I.E., M.B.E. | .. | .. | Ditto. |
| 9. Mr. J. RAMSAY SCOTT | .. | .. | Ditto. |

Nominated Members.

Date of Nomination.

- | | | | |
|--|----|----|-------------------|
| 10. Dr. R. D. DALAL, C.I.E. | .. | .. | 17th March, 1938. |
| 11. Khan Bahadur Shaikh FAZL-I-HAQ PIRAOHA | .. | .. | Ditto. |
| 12. Khan Bahadur Sir ABDUL HAMID, C.I.E., O.B.E. | .. | .. | Ditto. |

REPORT OF THE PUBLIC ACCOUNTS COMMITTEE.

PART I.—CIVIL, POSTS & 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.) | | Actual expenditure. |
|--|----------------------------------|-------------------------------|---------------------|
| | Original grant or appropriation. | Final grant or appropriation. | |
| Expenditure charged to revenue (voted) .. | 30,54 | 30,87 | 30,39 |
| Expenditure charged to capital (voted) .. | 1,02 | 1,24 | 1,05 |
| | 31,56 | 32,11 | 31,44 |
| Disbursements of loans and advances (voted) .. | 6,00 | 6,06 | 2,98 |
| Total voted .. | 37,56 | 38,17 | 34,42 |
| Expenditure charged to revenue (non-voted) .. | 75,64 | 76,94 | 77,04 |
| Expenditure charged to capital (non-voted) .. | 21 | 19 | 14 |
| Total non-voted .. | 75,85 | 77,13 | 77,18 |
| Total expenditure charged to revenue .. | 106,18 | 107,81 | 107,43 |
| Total expenditure charged to capital .. | 1,23 | 1,43 | 1,19 |
| Disbursements of loans and advances .. | 6,00 | 6,06 | 2,98 |
| GRAND TOTAL .. | 113,41 | 115,30 | 111,60 |

There was thus a total saving of Rs. 370 lakhs or 3·21 per cent. of the final grant.

The following table compares the percentages of savings in the three main sections of the budget for the last five years :—

| | 1932-33. | 1933-34. | 1934-35. | 1935-36. | 1936-37. |
|-------------------------------------|----------|----------|----------|----------|----------|
| Expenditure charged to revenue | 1·9 | 1·0 | —1·1 | ·56 | ·35 |
| Expenditure charged to capital | 8·3 | 15·2 | 6·9 | 6·99 | 16·78 |
| Disbursements of loans and advances | 37·1 | 23·3 | 49·2 | 8·79 | 50·82 |
| Combined percentage .. | 5·9 | 2·7 | 2·9 | 1·69 | 3·21 |

The large savings under disbursements of loans and advances mainly contributed to the increase in the combined percentage.

2. *Excesses.*—In the following cases the actual expenditure exceeded the grants voted by the Legislature :—

| Item No. | Name of Grant. | Final Grant. | Actual Expenditure. | Excess requiring the vote of the Legislature. |
|----------|---|--------------|---------------------|---|
| | | Rs. | Rs. | Rs. |
| 1 | 18—Salt | 64,08,000 | 64,17,127 | 9,127 |
| 2 | 22—Irrigation, etc., charged to Revenue .. | 4,07,000 | 12,03,486 | 7,96,486 |
| 3 | 32—Home Department | 7,92,900 | 7,98,368 | 5,468 |
| 4 | 41—Central Board of Revenue | 2,08,000 | 2,11,145 | 3,145 |
| 5 | 42—Payments to Provincial Governments, etc. | 1,56,000 | 1,58,755 | 2,755 |
| 6 | 45—Police | 1,81,000 | 1,83,737 | 2,737 |
| 7 | 46—Ports and Pilotage | 14,66,000 | 14,70,229 | 4,229 |
| 8 | 51—Botanical Survey | 1,29,000 | 1,32,665 | 3,665 |
| 9 | 52—Zoological Survey | 95,000 | 95,135 | 135 |
| 10 | 54—Mines | 1,27,000 | 1,33,762 | 6,762 |
| 11 | 65—Census | 1,000 | 1,886 | 886 |
| 12 | 75—Stationery and Printing | 37,55,000 | 37,97,311 | 42,311 |
| 13 | 76-B.—Miscellaneous Adjustments between the Central and Provincial Governments .. | 3,65,14,000 | 3,80,31,399 | 24,17,399 |
| 14 | 77—Refunds | 1,49,00,000 | 1,49,99,660 | 99,660 |
| 15 | 81—Ajmer-Merwara | 16,22,000 | 16,22,027 | 27 |
| 16 | 82—Andamans and Nicobar Islands | 26,76,000 | 27,04,986 | 28,986 |
| 17 | 90—Irrigation Works—(Not charged to Revenue) | 1,000 | 1,15,801 | 1,14,801 |
| 18 | 98—Interest Free Advances | 79,85,000 | 81,66,656 | 1,81,656 |

The more important excesses are briefly explained below :—

Item (2).—The excess was mainly due to arrears of working expenses of the Nasirabad Section of the Lloyd Barrage Project and interest thereon payable to the Sind Government being adjusted in the 1936-37 accounts instead of in those of 1937-38 as originally contemplated.

Item (12).—The excess was caused by increased supplies of stationery articles to Provincial Governments and to paying and non-paying bodies.

Item (13).—The excess was mainly due to the increase in the share of the Jute Export Duty payable to Provincial Governments consequent on increased export of jute.

Item (14).—Larger payments than were anticipated had to be made to certain States on account of the adjustment of claims in respect of customs duty.

Item (17).—The share of the Central Government on account of the irrigation works in the Nasirabad Section of the Lloyd Barrage Project for 1936-37 was adjusted in 1936-37 accounts instead of in 1937-38 as originally contemplated.

Item (18).—The excess was due to some special advances being granted by the Government of Burma towards the close of the year and also to increased charges for destruction of uncurrent coins.

We recommend that the necessary excess grants be voted by the Legislative Assembly.

3. *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 examination.

4. *Accuracy of budgeting and control over expenditure.*—We are glad to learn that our recommendation made last year on the advisability of imposing lump sum cuts, especially in connection with certain Grants where there have been substantial savings in past years, has been accepted and acted upon in framing the demands for 1938-39. But we feel that this principle may usefully be extended in a limited number of Grants to cases where it has been found that there are savings year after year under particular sub-heads.

We also wish to repeat our former recommendation that larger units of appropriation both for budgeting and for appropriation report purposes should be devised in a limited number of Grants as an experiment to see if it would not lead to more accurate estimating and indeed to economy and hope that a start will be made on this in the next Demand for Grants.

5. *Unnecessary Supplementary Grants.*—We were pleased to observe that only one supplementary grant which proved unnecessary was submitted to the Legislature in 1936-37 as compared with three in 1935-36 and seven in 1934-35. The progressive improvement thus shown is satisfactory and we trust that with the issue of instructions, as recommended by us last year, for the latest figures of actuals to be carefully studied immediately before a supplementary demand is submitted to the Legislature this position will be maintained.

6. *Capital Works Expenditure.*—We have frequently had occasion to comment on the large savings in the provision for works included in projects financed from Capital and owing to the difficulties involved in budgeting for the expenditure estimated to be incurred on a continuing scheme during the arbitrary division of a financial year, we feel that the soundest method is to provide the sum required in a fund from which expenditure can be met as the work progresses, so that the difficulties of grants and lapses are avoided. We therefore suggest that the possibility of devising a procedure on these lines should be considered when further large capital works are to be undertaken in future.

7. *Education, Health and Lands Department.*—In regard to the research schemes financed by the Imperial Council of Agricultural Research from the

annual grant of Rs. 5 lakhs received from the Government of India we were impressed with the large balance of about Rs. 40 lakhs held in reserve on account of sanctioned schemes which would take a number of years to complete. We are aware that this is due to a Finance Department ruling but we feel that this large reserve is unnecessary and that it would be legitimate to spend to some extent against the expectation of future contributions. We therefore recommend that the instructions previously issued to the Imperial Council of Agricultural Research to make no commitments against expectations may be relaxed to the extent of allocating on the assumption of receiving the annual grant for a period of one or possibly even two years ahead.

8. *Vizagapatam Port*.—We considered the comprehensive report on the financial position of Vizagapatam Port asked for by us last year and were glad to note the improvement that had taken place, the receipts for 1937-38 showing a small surplus over working expenditure excluding interest, with no grant-in-aid from Government. We approve of the decision that no further capital expenditure should be incurred unless it can be shown to be definitely remunerative or indispensable in the interests of the Port, and consider that while neither the question of closing the Port nor that of handing it over to the Bengal Nagpur Railway need be pursued for the present, every effort should be made by keeping the expenditure at the lowest possible level to provide for at any rate part payment of the interest due on the capital invested in the Port.

9. *Irregular expenditure in the North-West Frontier Province*.—The result of the local audit of the accounts of the Khassadar and other unauthorised funds in the North-West Frontier Province which had been closed down and their balances credited to Government were duly considered by us and we were glad to learn of the action taken to prevent the occurrence of such irregularities in future including the issue of definite instructions as to the method of drawing and accounting for charges relating to "Entertainment Charges", "Protection and Raids" and "Secret Service Expenditure". We consider that the letter intended to be issued by Government dealing with the irregularities in general and containing an expression of their full determination to take severe steps against any official who, after this warning, indulges in or permits any of his subordinates to indulge in such irregularities, should be issued without further delay and strictly enforced.

10. *Posts and Telegraphs*.—We were glad to note the marked improvement in the financial position of the Posts and Telegraphs Department as a whole and the continued reduction in the loss on the working of the Telegraphs branch. In connection with the latter the representatives of the Department contended that all possible measures had been taken to bring down the expenditure, in fact they thought that there was some indication that the reduction of staff had been carried too far resulting in a loss of efficiency. The figures supplied by the Director General appeared to indicate that the concessions given to press telegrams accounted for the bulk of the loss of the Telegraphs branch and as this is obviously a matter of importance, we desire that there should be a re-examination of the basis of the calculation of the loss to the Telegraphs section of the Department due to the concessions given to press traffic.

11. *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 suggestions made by the Committee both in their report and in the proceedings of their meetings.

P. J. GRIGG.
UMAR ALI SHAH.
B. DAS.
JOGENDRA SINGH.
N. G. RANGA.
S. SATYAMURTI.
BHAI PARMA NAND.
SHER MOHAMMAD KHAN.
J. RAMSAY SCOTT.
R. D. DALAL.
FAZL-I-HAQ PIRACHA.
ABDUL HAMID

H. A. C. GILL,

Secretary.

The 13th August, 1938.

Proceedings of the sixth meeting* of the Public Accounts Committee held on
Monday, the 18th July 1938, at 2-45 p.m.

PRESENT :

The Hon'ble Sir JAMES GRIGG, K.C.B., K.C.S.I., Finance Member, *Chairman*.

Mr. UMAR ALY SHAH.

Mr. B. DAS.

Sirdar JOGENDRA SINGH.

Prof. N. G. RANGA.

Mr. S. SATYAMURTI.

Bhai PARMA NAND.

Captain Sardar Sir SHER MOHAMMED KHAN, C.I.E.,

M.B.E.

Mr. J. RAMSAY SCOTT.

Dr. R. D. DALAL, C.I.E.

Khan Bahadur Shaikh FAZL-I-HAQ PIRACHA.

Khan Bahadur Sir ABDUL HAMID, C.I.E., O.B.E.

Sir G. S. BAJPAI, K.B.E., C.I.E., I.C.S., Secretary,
Department of Education, Health and Lands.

Mr. M. W. YEATTS, C.I.E., I.C.S., Joint Secretary,
Department of Education, Health and Lands.

Mr. A. C. BADENOCH, C.S.I., C.I.E., I.C.S., Auditor General of India.

Mr. T. K. RAJAGOPALAN, Representative of the A. G. C. R.

The Hon'ble Sir JOHN NIXON, K.C.I.E., C.S.I., I.C.S., Finance Secretary.

1. *Grant No. 48.—Survey of India.*—With reference to the note on the transfer of work connected with the army from the Mathematical Instrument Office (Appendix IV) submitted in connection with item 1 of the Statement of recommendations made in previous years (Appendix I), it was explained that the question was being examined and that the Surveyor General wished to put in a revised questionnaire for circulation to the departments of the work they were giving to outside agencies, and that when this information had been collected a conference would be held and a further report would be furnished to the Committee next year. The Committee were disappointed that after the recommendation that had been made in the previous year so little progress had been made and hoped that after the further information now being called for had been received, the conference proposed to be held with representatives of the Defence Department would seriously consider the matter from the point of view of India as a whole.

2. *Question of allowing the Mathematical Instrument Office to take work direct from the public.*—The Committee considered the memorandum submitted on this subject (Appendix V) and suggested that, while it might not be profitable for the Mathematical Instrument Office to compete with the trade in ordinary

* The proceedings of the first five meetings relate to Railway Accounts.

work, it should be made known through the Provincial Governments that the Mathematical Instrument Office is prepared to undertake work for educational institutions and local bodies.

3. *Map Sales.*—The Committee approved of the efforts to create a market and increase sales with a view to improving the financial position of the Map Sales Department set out in the note (Appendix VI) and recommended that the matter should be pursued vigorously, and that a further report on the results achieved should be submitted next year.

4. *Photo Litho Stocks.*—In connection with the note on this subject (Appendix VII), it was explained that at present a single annual indent of stores was despatched in August and the greater part of stores received in February and March, so that at the time of checking a whole extra year's indent was on the books. An experiment was now to be tried of indenting for stores in general use throughout the year so that the entire year's supply should not be received at the busiest time.

5. *Grant No. 51.—Botanical Survey.*—With reference to the recommendation made by the Committee in the previous year (item 5 of the Statement) that Government should consider whether it was necessary to retain the post of the Director of the Botanical Survey now that Burma had been separated, it was stated that no decision had yet been come to largely owing to the representations received from universities and scientific bodies in India. The Committee desired that a further report on this point should be submitted next year.

With reference to the statement showing the stock of quinine in the Cinchona Department at page 130 of the Appropriation Accounts, the Committee desired to know what steps were being taken to examine the question of making India self-sufficient as regards quinine. It was explained that an officer had been placed on special duty to examine the question, and that when his report, which was now being awaited, had been received, the action to be taken in this connection would be considered.

The Committee recommended an excess grant to cover the excess of Rs. 3,665 in this Grant.

6. *Grant No. 55.—Other Scientific Departments.*—In connection with the grants-in-aid to Scientific Societies and Institutes, a member of the Committee enquired as to whether audited accounts were required before the grants were paid so as to see that the money was being expended on the objects for which it was given and not being placed in reserve. It was stated that all the institutes concerned submitted their annual report in which was given an audited account of their receipts and expenditure with the exception of the Bose Research Institute, Calcutta, which had previously occupied a special position but whose grant-in-aid was now the subject of examination.

7. *Grant No. 52.—Zoological Survey.*—An excess vote on account of this Grant to the amount of Rs. 22,397 was recommended by the Committee.

8. *Grant No. 59.—Agriculture.*—A member drew attention to the large saving of over Rs. 10 lakhs that had occurred in this Grant, and it was explained that this was mainly due to the surrender of Rs. 4 lakhs provided for the Anand

Dairy Scheme and to the non-payment of money allotted to the Provinces from the Sugar Excise Fund owing to non-submission of their schemes. As the money allotted to the Sugar Excise Fund was now being funded, such variations would be avoided in future.

9. *Wellington Milk Depot.*—With reference to paragraph 133 of the Commercial Appendix to the Appropriation Accounts, the question was raised as to whether retention of the Wellington Milk Depot was justified. It was explained that the decision, which was to be made concerning the Anand Dairy Scheme after consideration of Dr. Wright's Report, would also involve the future of the Bangalore and Wellington Depots. After some discussion the Committee agreed that before next year the Department of Education, Health and Lands should come to a decision as regards the centralising of dairy farm research or, if no decision has been come to, they should independently take up the question of terminating the contract for the Wellington Milk Depot with the military authorities.

The Committee adjourned at 5-15 p.m.

**Proceedings of the seventh meeting of the Public Accounts Committee held on
Tuesday, the 19th July 1938, at 11 a.m.**

PRESENT :

The Hon'ble Sir JAMES GRIGG, K.C.B., K.C.S.I., Finance Member, *Chairman*.

| | | |
|--|---|-----------------|
| Mr. UMAR ALY SHAH. | } | <i>Members.</i> |
| Mr. B. DAS. | | |
| Sirdar JOGENDRA SINGH. | | |
| Prof. N. G. RANGA. | | |
| Mr. S. SATYAMURTI. | | |
| Bhai PARMA NAND. | | |
| Captain Sardar Sir SHER MOHAMMED KHAN, C.I.E., M.B.E. | | |
| Mr. J. RAMSAY SCOTT. | | |
| Dr. R. D. DALAL, C.I.E. | | |
| Khan Bahadur Shaikh FAZL-I-HAQ PIRACHA. | | |
| Khan Bahadur Sir ABDUL HAMID, C.I.E., O.B.E. | | |

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|--|---|-------------------|
| Sir G. S. BAJPAI, K.B.E., C.I.E., I.C.S., Secretary, Department of Education, Health and Lands. | } | <i>Witnesses.</i> |
| Mr. S. Dutt. I.C.S., Under Secretary, Imperial Council of Agricultural Research Department. | | |

Mr. A. C. BADENOCH, C.S.I., C.I.E., I.C.S., Auditor General of India.

Mr. T. K. RAJAGOPALAN, Representative of the A. G. C. R.

The Hon'ble Sir JOHN NIXON, K.C.I.E., C.S.I., I.C.S., Finance Secretary.

10. *Kidderpore Orphananj Market*.—With reference to the expenditure shown under Grant No. 76—Miscellaneous, sub-head I, a member of the Committee enquired as to why the Market was maintained by the Government of India, and it was explained that the Market, the profits of which went to support the Orphanage was an undertaking inherited from the days of the East India Company. The suggestion was made that the Market should now be handed over to the Committee that runs the Orphanage, and it was desired that this matter should be examined.

11. *Forest Assets in North Andaman*.—With reference to paragraphs 171 and 172 of the Commercial Appendix, it was explained that forest working had now been concentrated in South Andaman; the major portion of the idle assets in North Andaman had been written off and the remaining assets which could not be disposed of, such as jetties, sea-walls, etc., were being kept in condition on a maintenance basis.

12. *Staff maintained at Jeddah in connection with Indian pilgrims*.—With reference to item 6 of the Statement of past recommendations, the Committee

was supplied with a statement showing the staff employed in the Indian Pilgrimage Section of the British Legation, Jeddah (Appendix VIII). It was explained that the Vice-Consul was engaged wholly on work connected with Indian pilgrims, and that the effective control of the staff employed on this work rested with the Government of India.

13. *Research Schemes of the Imperial Council of Agricultural Research.*—There was considerable discussion on the research schemes financed by the Imperial Council of Agricultural Research. Comment was made on the large amount of reserve balance in hand, and it was explained that the Council were unable to enter into commitments on account of schemes spreading over a number of years beyond the limit of the amount of money actually received. The Committee considered that it should be possible to speed up the sanctioning of good schemes if the Council were allowed to allocate against expectations of contributions as well as against the money actually in hand. In their view it was financially unnecessary to accumulate a reserve fund of approximately Rs. 50 lakhs, and the Finance Member undertook to consider the question of authorising the I. C. A. R. to allocate for schemes in anticipation of one year's contribution. At the same time the Committee suggested that the explanation for the research schemes given in the report of the Imperial Council of Agricultural Research should be expanded so as to include information of the expenditure incurred up-to-date.

14. *Government lands in New Delhi.*—With reference to the report on the review of financial administration of Government lands in New Delhi furnished to the Committee (Appendix IX), it was explained that the administration of these properties till they were sold for building purposes was carried out by the Land Development Officer under the administrative control of the Chief Commissioner, Delhi. The system of leases and the arrangement for recovery of rents were generally approved by the Committee.

15. *Revenue Estimates.*—In connection with the variations between the budget estimates and the actuals under 'Customs' and 'Taxes on Income', a member enquired as to the methods employed in making the estimates, and the Chairman stated that while the estimates would always be at the mercy of world conditions, there was room for improvement both as regards the internal indices and generally, and that the statistical apparatus was now being overhauled by the Economic Adviser and Mr. Chambers.

The Committee adjourned at 1-30 p.m.

**Proceedings of the eighth meeting of the Public Accounts Committee held on
Tuesday, the 19th July 1933, at 2-30 p.m.**

PRESENT :

The Hon'ble Sir JAMES GRIGG, K.C.B., K.C.S.I., Finance Member, *Chairman*.

Mr. UMAR ALY SHAH.

Mr. B. DAS.

Sirdar JOGENDRA SINGH.

Prof. N. G. RANGA.

Mr. S. SATYAMURTI.

Bhai PARMA NAND.

Captain Sardar Sir SHER MOHAMMED KHAN, C.I.E.,
M.B.E.

Mr. J. RAMSAY SCOTT.

Dr. R. D. DALAL, C.I.E.

Khan Bahadur Shaikh FAZL-I-HAQ PIRACHA.

Khan Bahadur Sir ABDUL HAMID, C.I.E., O.B.E.

} *Members.*

The Hon'ble Sir JOHN NIXON, K.C.I.E., C.S.I., I.C.S., *Witness*.
Finance Secretary.

Mr. A. C. BADENOCH, C.S.I., C.I.E., Auditor General of India.

Mr. T. K. RAJAGOPALAN, Representative of the A. G. C. R.

16. *Sterling Debt*.—With reference to the statement showing the debt position of the Central Government at the beginning and close of the year 1936-37 at page 7 of the Appropriation Accounts, the Finance Secretary explained that the reduction in the total sterling debt was brought about by paying off the sterling loan that had matured from the accumulated sterling balances and replacing this in part by a rupee loan floated in India. It was stated that the amount of sterling debt repatriated during the last three years was almost equal to the net export of bullion during that period, and that the whole effort of Government was in the direction of reducing the sterling debt by transfer to internal debt.

17. *Excesses over voted grants*.—The Committee considered the statement showing excesses over individual voted grants given in paragraph 34 of the Appropriation Accounts and decided to recommend that the required excess grants should be voted by the Legislature.

18. *Supplementary Grants*.—With reference to paragraph 43, the Committee were glad to observe that the number of cases in which supplementary demands presented to the Legislative Assembly had proved to be unnecessary, had been considerably reduced, and as regards the surrender of unnecessary funds referred to in paragraph 45, they agreed that though no savings should

be held in reserve for possible future excesses, too early and too frequent re-appropriations gave rise to a great deal of unnecessary work, and that surrender of funds might justifiably be carried out in the months of December and January.

19. *Accounts of the Secretary of State in Council.*—With reference to the excess reported in paragraph 9 of the Report of the Auditor of Indian Home Accounts it was explained that as the excess was ultimately covered by savings in the Indian portion of the grant, no excess vote was required.

20. *Larger units of appropriation.*—With reference to the recommendation made by the last year's Public Accounts Committee, item 9 of the statement of previous year's recommendations, that the Finance Department should, in consultation with the Auditor General, experiment with a limited number of Grants in order to see whether larger units of appropriation would not lead to more accurate estimating, the Finance Secretary stated that the matter was still under consideration and that a report would be submitted next year.

21. *Commutation of Pensions.*—With reference to item 11 of the statement of past recommendations, the Finance Secretary stated that the recommendation to eliminate the capital head for expenditure on the commutation of pensions had been accepted in principle for being put into effect as soon as the budgetary position allowed, and that certain other minor capital heads had been abolished. The Committee wished to stress the importance of the point that in their view only major budgetary inequilibrium should prevent the application of the principle thus accepted.

22. *Recoveries of money due from Government servants on pension.*—With reference to item 19 of the statement of previous years' recommendations, the Finance Secretary explained that since the previous note was written, the reply of the Secretary of State had been received pointing out a number of difficulties which appeared to make the proposed course of action inadvisable. The Committee, however, recommended that so far as the personnel under the control of the Government of India was concerned, the Finance Department should independently examine the position with regard to the recovery of money due from an officer on pension.

23. *Expenditure on New Delhi.*—With reference to item 23 of the statement of recommendations made in previous year, the Finance Secretary stated that the Committee's recommendation that any further expenditure on New Delhi, which is not of a clearly remunerative character, should be charged to revenue and not to capital, have been accepted in principle and would be implemented as soon as the budgetary position permitted, but added that though at present it was not practicable to meet the cost of all unremunerative items from current revenue, such items would only be charged to capital if they were both large and indispensable. The Committee wished to emphasise the importance of the principle that expenditure on unremunerative items should *at initio* be charged to revenue.

24. *Grants-in-aid.*—With reference to the recommendation that the Government of India should insist on obtaining audited statements of the

accounts of all institutions to which grants-in-aid are paid, item 25 of the statement, copies of the instructions issued were supplied to the Committee and accepted as adequate.

25. *Grant No. 20—Stamps.*—Comment was made on the provision of a lump sum reserve for unforeseen charges on account of the Security Press, and the Committee desired that the question whether this reserve was justified should be examined.

26. *Grant No. 25—Interest on Ordinary Debt.*—With reference to the variation of Rs. 5 lakhs under 'B.-3—Irrigation Works (Central)', it was explained that this was the interest on capital expenditure in connection with the Nasirabad Section of the Lloyd Barrage Project, for which no provision had been made in the budget as the orders of the Secretary of State including the payment in the Order in Council had not been received at that time. In the ordinary way the payment would have been delayed till provision had been made in the following year's budget, but to avoid letting down the Government of Sind, who had included the sum in their budget, and to avoid increased interest charges the Government of India agreed to immediate payment as a special case.

The Committee adjourned at 5-10 p.m.

Proceedings of the ninth meeting of the Public Accounts Committee held on Wednesday, the 20th July 1938, at 11 a.m.

PRESENT :

The Hon'ble Sir JAMES GRIGG, K.C.B., K.C.S.I., Finance Member, *Chairman*.

Mr. UMAR ALY SHAH.

Mr. B. DAS.

Sirdar JOGENDRA SINGH.

Prof. N. G. RANGA.

Mr. S. SATYAMURTI.

Bhai PARMA NAND.

Captain Sardar Sir SHEER MOHAMMED KHAN, C.I.E.,
M.B.E.

Mr. J. RAMSAY SCOTT.

Dr. R. D. DALAL, C.I.E.

Khan Bahadur Shaikh FAZL-I-HAQ PIRACHA.

Khan Bahadur Sir ABDUL HAMID, C.I.E., O.B.E.

} *Members.*

The Hon'ble Sir JOHN NIXON, K.C.I.E., C.S.I.,
I.C.S., Finance Secretary.

Witness.

Mr. A. C. BADENOCH, C.S.I., C.I.E., I.C.S. Auditor General of India.

Mr. T. K. RAJAGOPALAN, Representative of the A. G. C. R.

27. *Payments to Post Office for Savings Bank and Cash Certificate work.*—With reference to the expenditure of Rs. 71,31,712 under Grant No. 26 F. 1, the question was raised as to whether the payment made to the Posts and Telegraphs Department for Savings Bank and Cash Certificate work was not excessive. It was explained that as facilities were provided for small transactions throughout the length and breadth of the country as an encouragement to thrift and in the interests of public, it was bound to be an expensive method of working in comparison to the capital deposited with Government. The calculation of the charges made by the Posts and Telegraphs Department had been examined by the Finance Department as late as 1935 and checked by the Auditor General.

28. *Grant No. 42—Excess Vote.*—It was explained that the greater part of the payments made to Provincial Governments on account of the administration of agency subjects was for passport work done on behalf of the Central Government. The Committee agreed to recommend an excess vote on this account.

29. *Audit of Customs Revenue.*—It was explained that the test-examination of the receipts of customs revenue was mainly concerned with revisions of classification and assessment which had recurring financial results, and that the results having proved satisfactory the present system had been put on a permanent basis. As regards the suggestion that had been made for an extension of the scope of this Test Audit, the view of the Central Board of Revenue was that any funds available for the improvement of check on customs assessments would, in the first instance, be more profitably used on the strengthening of internal checks in the Custom Houses, but the Committee desired that the question of extending the scope of the audit of customs receipts should be further explored and a report submitted next year.

The Committee adjourned at 1-15 p.m.

Proceedings of the tenth meeting of the Public Accounts Committee held on
Wednesday, the 20th July 1938, at 2-30 p.m.

PRESENT :

The Hon'ble Sir JAMES GRIGG, K.C.B., K.C.S.I., Finance Member, *Chairman*.

Mr. UMAR ALY SHAH.

Mr. B. DAS.

Sirdar JOGENDRA SINGH.

Prof. N. G. RANGA.

Mr. S. SATYAMURTI.

Bhai PARMA NAND.

Captain Sardar Sir SHER MOHAMMED KHAN, C.I.E.,
M.B.E.

Mr. J. RAMSAY SCOTT.

Dr. R. D. DALAL, C.I.E.

Khan Bahadur Shaikh FAZL-I-HAQ PIRACHA.

Khan Bahadur Sir ABDUL HAMID, 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. T. S. PILLAY, Second Secretary, Central Board
of Revenue.

} *Witnesses.*

Mr. A. C. BADENOCH, C.S.I., C.I.E., I.C.S. Auditor General of India.

Mr. T. K. RAJAGOPALAN, Representative of the A. G. C. R.

The Hon'ble Sir JOHN NIXON, K.C.I.E., C.S.I., I.C.S., Finance Secretary.

30. *Grant No. 16—Customs.*—Comment was made on the fact that the supplementary grant of Rs. 69,000 obtained in this Demand as a whole and that obtained in the individual sub-head A-4—Other Allowances, Honoraria, etc., had proved to be unnecessary. It was explained that the saving under 'Customs—Other Allowances, Honoraria, etc.', had been mainly due to less expenditure under rewards in Bombay and Sind, and that in general accurate budgeting for Central Excises expenditure had been difficult owing to indirect control through the Provincial Governments. Now that the administration had come directly under the Central Government the financial control was expected to be much stricter in all respects.

31. *Contributions and Donations.*—With regard to the statement on expenditure under "Grants-in-aid, Contributions and Donations" at page 42 of the Appropriation Accounts, a member asked whether any change had taken place on the amounts donated, and it was stated that there had been no change in the last 8 years but that on the separation of Burma the money available had been reduced, and that the question of distribution and the desirability of associating the Commerce Department with decisions as to payments for seamen's welfare was under examination.

32. *Assignments and compensations as deductions from revenue.*—With reference to item 26 of the statement of past recommendations, it was stated that the ruling of the Auditor General had been to the effect that on principle payments on account of assignments and compensations could not be treated as deductions from revenue and should be included under 'Expenditure'. In some cases however of agreements for a definite division of revenue, the Auditor General agreed that the payments might legitimately be treated as a charge on revenue and not as expenditure, and the Committee suggested that the classification of the payments to the Cochin and Travancore Governments on account of the agreement to divide the Customs revenue collected in Cochin port might be re-examined in the light of this criterion.

33. *Grant No. 17—Taxes on Income.*—During the discussion on Income-tax Administration it was stated that the Central Board of Revenue with their Income-tax Adviser were examining the question of increasing the supervisory staff and that it was proposed to employ separate Assistant Commissioners for inspection purposes only. The Committee was also informed that an experiment was being made in the audit of Income-tax receipts. The Committee welcomed the experiment and desired to be informed of the results next year.

34. *Grant No. 18—Salt.*—Comment was made that under 'A.-4 (4) (a)—Manufacture Section' there had been supplementary grant of Rs. 25,000, re-appropriation from this of Rs. 13,842 and the final excess of Rs. 31,583. The explanation was given that a larger supplementary grant had been applied for, and on the assumption that the whole of this sum would be received, the Controlling Officer re-appropriated for other urgent objects the balance which, on later figures, he estimated would not be required. The Committee agreed that instructions should be issued that when a supplementary grant was applied for, reappropriations should not be made on the assumption that the amount asked for would be provided but only after sanction was received.

35. *Grant No. 41—Central Board of Revenue.*—The Committee agreed to recommend an excess vote to cover the excess that had occurred in the voted section of this Grant.

The Committee adjourned at 5 p.m.

Proceedings of the ⁶⁹⁹eleventh meeting of the Public Accounts Committee held on
Thursday, the 21st July 1938, at 11 a.m.

PRESENT :

The Hon'ble Sir JAMES GRIGG, K.C.B., K.C.S.I., Finance Member, *Chairman*.

Mr. UMAR ALY SHAH.

Mr. B. DAS.

Sirdar JOGENDRA SINGH. ††

Prof. N. G. RANGA. †††

Mr. S. SATYAMURTI.

Bhai PARMA NAND.

Captain Sardar Sir SHER MOHAMMED KHAN, C.I.E.,
M.B.E.

Mr. J. RAMSAY SCOTT.

Dr. R. D. DALAL, C.I.E.

Khan Bahadur Shaikh FAZL-I-HAQ PIRACHA.

Khan Bahadur Sir ABDUL HAMID, C.I.E., O.B.E.

Mr. A. D. GORWALA, I.C.S., Deputy Secretary, Department of Communications.

Mr. L. B. GILBERT, I.S.E., Consulating Engineer to the Government of India.

Mr. F. TYMMS, C.I.E., M.C., F.R.E.S., Director of Civil Aviation in India and Burma. } *Witnesses.*

Mr. A. CROAD, Engineer Officer, Civil Aviation.

Mr. A. S. Bokhari, P.E.S., Deputy Controller of Broadcasting.

Mr. A. C. BADENOCH, C.S.I., C.I.E., I.C.S., Auditor General of India.

Mr. T. K. RAJAGOPALAN, Representative of the A.G., C.R.

The Hon'ble Sir JOHN NIXON, K.C.I.E., C.S.I., I.C.S., Finance Secretary.

Mr. GHULAM MOHAMMAD, Finance Officer, Communications.

36. *Grant No. 49—Meteorology.*—Comment was made on the variation in the expenditure on ' Weather and other Telegram charges ', and it was stated that under the present system of adjustment the amounts to be paid were calculated in arrear by the Accountant-General, Posts and Telegraphs, on the basis of the valuation of a few typical telegrams, and it was therefore very difficult to frame an accurate estimate. The question of a simpler method of adjustment was under consideration.

37. *Grant No. 63—Aviation.*—With reference to the special grants-in-aid from the additional tax on petrol consumed for aviation purposes, it was stated that the provision originally made in the budget included unspent balance of previous years ; and the Committee recommended that the amount

available from the petrol tax should be voted to a special earmarked item in the Road Fund and allotted from this Fund as required.

38. *Grant under 63-B—Capital Outlay on Civil Aviation charged to Revenue.*—Comment was made on the large saving under this head as compared with the original appropriation. It was explained that plans had been prepared for extensive constructions at aerodromes but that in connection with the designs for quarters for different grades of staff sanction had been withheld pending a special check asked for by the Finance Department, which had resulted in considerable saving.

39. *Broadcasting.*—The propriety of the transfer of Rs. 50,000 under Grant No. 69-G.—Broadcasting from G-7.—Lump provision for experimental and research purposes to G-1.—Pay of Officers, G-2.—Pay of Establishments and G-5.—Contingencies was questioned, but it was explained that this was the first year in which technical work on broadcasting was taken over from the Posts and Telegraphs Department and supervised by the Chief Engineer appointed during the course of the year. It was agreed that in these circumstances and as a special case the making of a lump provision and its subsequent transfer by re-appropriation to the relevant sub-heads was in order.

The Committee adjourned at 1-33 p.m.

Proceedings of the Twelfth meeting of the Public Accounts Committee held on Thursday, the 21st July 1938, at 2-30 p.m.

PRESENT :

The Hon'ble Sir JAMES GRIGG, K.C.B., K.C.S.I., Finance Member, *Chairman*.

Mr. UMAR ALY SHAH.

Mr. B. DAS.

Sirdar JOGENDRA SINGH.

Prof. N. G. RANGA.

Mr. S. SATYAMURTI.

Bhai PARMA NAND.

Captain Sardar Sir SHER MOHAMMED KHAN, C.I.E.,
M.B.E.

Mr. J. RAMSAY SCOTT.

Dr. R. D. DALAL, C.I.E.

Khan Bahadur Shaikh FAZL-I-HAQ PIRACHA.

Khan Bahadur Sir ABDUL HAMID, C.I.E., O.B.E.

Mr. A. D. GORWALA, I.C.S., Deputy Secretary, Department of Communications.

Mr. A. S. BOKHARI, P.E.S., Deputy Controller of Broadcasting.

Mr. L. B. GILBERT, I.S.E., Consulting Engineer to the Government of India.

Mr. M. S. A. HYDARI, C.I.E., I.C.S., Secretary, Department of Labour.

Mr. N. MAHADEVA AYYAR, I.C.S., Deputy Secretary, Department of Labour.

Mr. A. C. BADENOCH, C.S.I., C.I.E., I.C.S., Auditor General of India.

Mr. T. S. SANKARA AIYAR, Director of Finance, Railway Department (Railway Board).

Mr. GHULAM MOHAMMAD, Finance Officer, Communications.

Mr. T. K. RAJAGOPALAN, Representative of the A.G., C.R.

The Hon'ble Sir JOHN NIXON, K.C.I.E., C.S.I., I.C.S., Finance Secretary.

Members.

Witnesses.

40. *Radio Publications.*—With reference to the loss incurred on the publication of the *Indian Listener* and the *Awaz* set out in paragraph 239 of the Commercial Appendix, it was explained that at a time when the number of stations was increasing the number of pages of programmes grew much larger without it being possible to raise the price of the publication in relation to the extra cost of production all at once. However, with increasing circulation it had been possible to secure a cheaper printing contract, and as recommended by the Public Accounts Committee last year, item 33 of the

statement of previous year's recommendations, non-radio advertisements were being admitted and the loss was steadily decreasing.

41. *Vizagapatam Port.*—There was a considerable discussion of the report on the trading and financial position of the Port of Vizagapatam (Appendix X) asked for by the Committee last year, item 40 of the statement of previous year's recommendations. The Secretary of the Communications Department stated that the position now was that the receipts were covering the ordinary working expenditure, though without paying interest on the capital, and that last year there was a small favourable balance of Rs. 31,000. He added that it had been decided that no further capital expenditure was to be incurred unless it could be shown to be either definitely remunerative or absolutely essential in the interest of the Port. The Committee accepted the view that it would be unwise for the present moment when there was every prospect of the Port being able to meet its ordinary working expenses and depreciation charges, even though no repayment of interest on capital could be made, to close the Port and thus to lose the capital of about Rs. 4 crores invested in it. As regards the railway traffic to the Port, the Committee were anxious that the freight rates charged to Vizagapatam should not be unfair as compared to those charged to Calcutta; and it was explained that the Administrative Officer had been instructed to raise the question of freight rates with the Railway Board if there were any grounds for holding that these discriminated against the Port of Vizagapatam. The Committee recommended that every effort should be made to keep the expenditure at the lowest possible level so as to provide for the payment to Central revenues of, at any rate, a part of the interest on the capital, and desired that the question whether full provision was being made to meet depreciation charges should be further considered and a report on this point submitted next year.

42. *Grant No. 73—Civil Works.*—With regard to the variations which occurred under individual sub-heads of this Grant, the Committee recognised the difficulties created by urgent and unforeseen works, but desired to make a general recommendation that the greatest foresight possible in the circumstances should be exercised in the preparation of the original estimates.

43. *Central Public Works Department.*—In connection with the report on the staff employed in the Central Public Works Department (Appendix XI), submitted in accordance with item 32 of the statement of past recommendations, the Secretary of the Department of Labour stated that the question of transferring work at present done for the Government of India by the Provincial Public Works Department to the Aviation Circle and the possibility of amalgamating one of the Delhi Divisions with the Simla Division was under examination; that the Chief Engineer had been asked to review the whole position and report to the Government of India not later than the first of September; and that the matter would then be gone into by the Labour and Finance Departments and a further report submitted next year.

44. *Grant No. 22—Irrigation.*—As regards the payment to the Government of Sind of the share of Central Government on account of Irrigation in the Nasirabad Tehsil, Baluchistan, by the Lloyd Barrage and Canals, it was

explained that as the orders of the Secretary of State had not been received provision had not been made in the Central Budget; but as the Government of Sind had budgeted in advance for this receipt, and as the delay in payment would increase the amount of interest due on the arrears of maintenance, the Finance Department had agreed to make immediate payment. The Committee agreed to recommend an excess vote on this account to cover the excess in this Grant.

45. *Grant No. 54—Mines.*—A vote to cover the excess in this Grant was recommended by the Committee.

46. *Grant No. 73—Civil Works.*—In connection with the percentages of establishment charges given in paragraph 8 (iv) of the Important Comments to this Grant, the Auditor General stated that the percentages included charges not strictly debitable to the establishment of the Central Public Works Department for the purpose of comparing the cost of their establishment with the work done by them and the Committee desired that next year figures should be given to show the establishment percentages after excluding irrelevant items.

The Committee adjourned at 5-30 p.m.

Proceedings of the thirteenth meeting of the Public Accounts Committee held on
Friday, the 22nd July 1938, at 11 a.m.

PRESENT.

The Hon'ble Sir JAMES GRIGG, K.C.B., K.C.S.I.; Finance Member, *Chairman*.

Mr. UMAR ALY SHAH.

Mr. B. DAS.

Sirdar JOGENDRA SINGH.

Prof. N. G. RANGA.

Mr. S. SATYAMURTI.

Bhai PARMA NAND.

Captain Sardar Sir SHER MOHAMMED KHAN, C.I.E.,
M.B.E.

Mr. J. RAMSAY SCOTT.

Dr. R. D. DALAL, C.I.E.

Khan Bahadur Shaikh FAZL-I-HAQ PIRACHA.

Khan Bahadur Sir ABDUL HAMID, C.I.E., O.B.E.

Mr. M. S. A. HYDARI, C.I.E., I.C.S., Secretary, Department of Labour.

Mr. N. MAHADEVA AYYAR, I.C.S., Deputy Secretary, Department of Labour.

Mr. M. Slade, I.C.S., Secretary, Department of Commerce.

Mr. Y. N. SUKTHANKAR, I.C.S., Deputy Secretary, Department of Commerce.

Sir James PITKEATHLY, C.M.G., C.I.E., C.V.O., C.B.E., D.S.O., Chief Controller of Stores, Indian Stores Department.

R. B. KIRPARAM, Deputy Director of Administration, Indian Stores Department.

Mr. A. C. BADENOCH, C.S.I., C.I.E., I.C.S., Auditor General.

Mr. GHULAM MOHAMMAD, Finance Officer, Communications.

Mr. T. K. RAJAGOPALAN, Representative of the A.G., C.R.

Mr. ISHWAR DAYAL, Audit Officer, Indian Stores Department.

The Hon'ble Sir JOHN NIXON, K.C.I.E., C.S.I., I.C.S., Finance Secretary.

Members.

Witnesses.

47. *Grant No. 66.—Emigration—Internal.*—With reference to the question put at the previous meeting as to the Administrative Establishment in Assam paid out of this Grant, the Secretary of the Labour Department stated that the pay of the Controller of Emigrant Labour was met from the Emigrant Labour Fund, and that only the cost of the subordinate establishment of 8 clerks was financed from this Grant. As regards the work done, the Secretary of the Department of Labour promised to supply copies of the annual

report on the working of the Tea Districts' Emigrant Labour Act to the members of the Committee.

48. *Reserves for unforeseen works.*—Comment was made on the large re-appropriations under 'Minor Works' in Grant No. 73—Civil Works, and it was stated that at the time the budget was being made up, the authorities were not in a position to formulate exactly the minor works to be carried out but asked that the amounts available should be placed in reserve. The Auditor General stated that the sub-head 'P Reserve for unforeseen works and repairs' was intended for works unforeseen at the time of the budget and not for works for which estimates were not ready in time; and the Committee desired that this should be borne in mind, and that so far as possible, this reserve should be restricted to re-appropriations for minor works.

49. *Pro rata Distribution.*—The system of *pro rata* distribution by which the total expenditure on account of establishment charges is distributed between the Central Government, Provincial Government and the Defence Department on the basis of the actual outlay of the year on the works of the respective authorities came in for considerable discussion. The Committee appreciated the fact that under the *pro rata* system of distribution it was impossible to have accurate estimates of establishment charges divisible between various Governments, as the amounts could not be accurately estimated until the works charges of the year were definitely ascertained; and they recommended that the method of levying departmental charges at fixed rates should be adopted wherever Provincial Governments could be induced to accept it. The Committee desired to be informed next year of the progress made in this direction.

50. *Review of Grant No. 73—Civil Works.*—The Committee were inclined to think that the difficulties of budgeting for Civil Works could be reduced by the amalgamation of sub-heads, and though they were anxious that any amalgamation should not destroy the effectiveness of budget control they asked that a general review of the Grant should be conducted both for this purpose and for that of fixing the responsibility for defects in budgeting more clearly between the Public Works Department and the other Departments concerned.

51. *Calcutta Presses.*—With reference to last year's recommendation (item 30 of the statement) it was reported that plans and estimates for the amalgamation of the Hastings Street Press with the Dharamtala Press had been received and that it was being considered whether it would be a paying proposition. The Committee felt that considerable delay had already occurred and desired that consideration of the question should be expedited and a report submitted next year.

52. *Stationery Stores.*—The question was asked as to the reasons for the considerable augmentations of the original appropriations under several sub-heads in group C—Stationery Stores of Grant No. 75—Stationery and Printing, to which was attributed the excess in the voted section of the Grant. It was stated that the budget provision was liable to be upset by variations in the requirements of the Provincial Governments, as explained in a note by the Controller of Printing and Stationery (Appendix XII).

53. *Stock-taking in Government Presses.*—In connection with paragraph 253 of the Commercial Appendix, it was noticed that large differences had been disclosed by stock-taking in the Calcutta and the New Delhi Presses. It was explained that this was primarily due to difficulties experienced in assessing the stock of type and metal in these Presses, and that detailed instructions to avoid large differences in future were now being worked out.

54. *Central Publication Branch.*—With reference to the value of publications destroyed during the year given in paragraph 263 (ii) of the Commercial Appendix, it was suggested that the question should be considered whether unwanted publications that could not be kept in stock, should be distributed free or at half price rather than destroyed.

55. *India Stores Department, London.*—In connection with item 29 in the statement of action taken on previous recommendations, the Chief Controller of Stores stated that the question of the amalgamation of the India Stores Department, London with the Indian Stores Department had been fully examined in the report which he had just submitted, and that the orders passed in this connection would be reported to the Committee next year.

The Committee adjourned at 1-30 p.m.

**Proceedings of the fourteenth meeting of the Public Accounts Committee held on
Friday, the 22nd July 1938, at 2-45 p.m.**

PRESENT :

The Hon'ble Sir JAMES GRIGG, K.C.B., K.C.S.I., Finance Member, *Chairman*.

Mr. UMAR ALY SHAH.

Mr. B. DAS.

Sirdar JOGENDRA SINGH.

Prof. N. G. RANGA.

Mr. S. SATYAMURTI.

Bhai PARMA NAND.

Captain Sardar Sir SHER MOHAMMED KHAN, C.I.E.,
M.B.E.

Mr. J. RAMSAY SCOTT.

Dr. R. D. DALAL, C.I.E.

Khan Bahadur Sir ABDUL HAMID, C.I.E., O.B.E.

Sir AUBREY METCALFE, K.C.I.E., C.S.I., M.V.O., Secre-
tary, External Affairs Department.

Mr. V. Narahari Rao, C.I.E., Crown Finance Officer.

Mr. G. K. S. SARMA, Under Secretary, External Affairs
and Political Departments.

Mr. E. C. PRICE, Finance Secretary, Government of
the North-West Frontier Province.

Mr. A. C. BADENOCH, C.S.I., C.I.E., I.C.S., Auditor
General of India.

Mr. T. K. RAJAGOPALAN, Representative of the A. G., C. R.

The Hon'ble Sir JOHN NIXON, K.C.I.E., C.S.I., I.C.S.,
Finance Secretary.

Members.

Witnesses.

56. *Grant No. 56—Education.*—With reference to item 39 of the statement showing action taken on previous recommendations, it was stated that the grants made to the Chiefs' Colleges had been examined and had been fixed on a revised scale for a period of 5 years from 1937-38, at the end of which the question would be re-considered.

57. *Grant No. 83—Rajputana.*—With reference to the suggestion that there should be a *pro forma* account showing the expenditure and receipts of the year in question to be added to the Demand, it was explained that in view of the difficulties pointed out by the Auditor General, it had been decided that the question should not be pursued for the present. In the case of Grant No. 83 the expenditure of Rs. 13½ lakhs against which receipts amounting to Rs. 3 lakhs were collected, included expenditure on the Resident in Rajputana and political relations with the States besides that of administration of Railway police.

58. *Grant No. 85—Hyderabad.*—Regarding the unadjusted excess under sub-head 'B.-Miscellaneous' of Account I, which had shown an excess for the fifth year in succession, it was explained that this was due to belated

debts received from the Military Adviser, Indian State Forces who had to obtain them from the Military Department, and that steps were being taken for earlier and more accurate adjustments in future.

59. *Frontier Watch and Ward.*—In connection with paragraphs 9 to 15 of the Important Comments below the appropriation Accounts relating to Frontier Watch and Ward (at pages 380-381), the Committee examined in detail the Memorandum supplied by the Auditor General on the more important instances of the irregularities discovered in audit (Appendix XIII). It was explained that of the twenty six unauthorised funds, the balances of twenty-four funds had been credited to Government, and of the remaining two, one was an account kept with the Imperial Bank and the other was made up of moneys with which Government had no concern. The balances of both have been disbursed and the funds closed. The Foreign Secretary stated that the method of drawing and accounting for charges relating to "Entertainment Charges", "Protection and Raids" and "Secret Service" had now been defined, and that instructions had been issued that money should not be drawn from the Treasury in advance of requirements (*vide* Appendix XIV). As regards the letter to be issued by the Government of India dealing with the irregularities in general, the Foreign Secretary added that this was under consideration and that a report would be made to the Committee next year. The action taken on the various irregularities was accepted as adequate; and the Committee left it to the Auditor General to report should the position be unsatisfactory in future.

60. *Incidence of Persian Gulf Expenditure.*—With reference to item 38 of the statement showing action taken on previous recommendations, it was stated that the question of the incidence of Persian Gulf expenditure was still under consideration with His Majesty's Government, and that the whole question was being carefully examined. The Committee commented on the great delay that had taken place and recommended that a decision should be arrived at as soon as possible.

61. *Irregularities in the accounts of certain schemes of development in the North-West Frontier Province.*—With reference to paragraphs 2 to 4 of the Important Comments under "Political" in the Appropriation Report (at pages 367-368), it was stated that disciplinary action had been taken against the officials found responsible for the irregularities in the account of the Office opened for the Development of Agriculture and allied activities, that the Directorate of Agriculture had been abolished and that the marble factory with which the Government of India were concerned had been sold.

The Committee adjourned at 5-30 p.m.

Proceedings of the fifteenth meeting of the Public Accounts Committee held on
Monday, the 25th July 1938, at 11 a.m.

PRESENT :

The Hon'ble Sir JAMES GRIGG, K.C.B., K.C.S.I., Finance Member, *Chairman*.

Mr. UMAR ALY SHAH.

Mr. B. DAS.

Prof. N. G. RANGA.

Mr. S. SATYAMURTI.

Bhai PARMA NAND.

Mr. J. RAMSAY SCOTT.

Dr. R. D. DALAL, C.I.E.

Khan Bahadur Shaikh FAZL-I-HAQ PIRACHA.

Khan Bahadur Sir ABDUL HAMID, C.I.E., O.B.E.

Members.

Mr. M. SLADE, I.C.S., Secretary, Department of Commerce.

Mr. Y. N. SUKTHANKAR, I. C. S., Deputy Secretary, Department of Commerce.

Mr. J. N. TALUKDAR, I.C.S., Deputy Secretary, Home Department.

Witnesses.

Mr. A. C. BADENOCH, C.S.I., C.I.E., I.C.S., Auditor General of India.

Mr. T. K. RAJAGOPALAN, Representative of the A.G., C.R.

62. *Grant No. 46—Ports and Pilotage.*—With regard to appropriation under 'A.-1 (2)—Pay of Establishments', which proved unnecessary, it was explained that the additional provision was for extra Wireless Operators, payment for whom was recovered from the Port Commissioners earlier than was expected.

Comment was made on the savings under sub-head 'A.-4 (1)—Pay of officers'. It was explained that this was due to the fact that more pilots had gone on leave than was anticipated, but as savings had appeared under this sub-head for the last three years, the Committee considered that in future the budget estimate should be reduced by a u np cut, if necessary.

63. *Touring by the Nautical Adviser.*—The fact that the original budget provisions under 'B.-3.—Allowances, Honoraria, etc.' had had to be augmented for the second year in succession on account of more touring by the Nautical Adviser was commented on, and it was stated that the adequacy of the budget provision under this sub-head was under examination.

64. *Advance leave Salary.*—Attention was drawn to the advances of leave salary which had necessitated the modifications under 'C.-3 (1)', 'C.-6 (1)' and 'C.-7 (1)'; and it was explained that these were taken by R. I. N. Officers, whose services were lent to the Commerce Department, under paragraph 166 of the Marine Regulations, India.

65. *Bengal Pilot Service.*—In connection with paragraph 189 of the Commercial Appendix, the question was raised as to why it was necessary to maintain a Heavy Repairs Reserve in addition to a Depreciation Fund for the Bengal Pilot Service. It was explained that the Depreciation Reserve was used for writing down the assets as a whole so that the pilot vessels might be replaced at the end of their period of useful service, while the Heavy Repairs Reserve was for reconditioning the vessels and was a method of equalising repair expenditure from revenue. The Committee recognised that there might be special circumstances in the case of the Bengal Pilot Service justifying the maintenance of a separate Heavy Repairs Reserve, but as the balance in this Reserve was equal to 7 years' contributions this appeared *prima facie* to be excessive, and they desired that the necessity for this Reserve or alternatively for the reduction of the amount of the present annual contribution should be examined.

66. *Lighthouses and Lightships.*—With reference to item 41 of the statement showing action taken on previous recommendations, it was stated that the question whether it was necessary to maintain a special fund for replacements and additions as well as a depreciation fund and a general reserve fund for the Lighthouses and Lightships had been duly considered, and subject to the advice of the Central Lighthouse Advisory Committee, which was being consulted, the conclusion reached was that the additions and replacements reserve fund was unnecessary and could be abolished, and that a further report on the subject would be submitted next year.

67. *Grant No. 28—Executive Council.*—The large saving under group head 'B—Cabinet Secretary' was noted, and it was explained that this was due to the appointment of a part-time instead of a full-time Secretary of the Executive Council.

68. *Grant No. 32—Home Department.*—As regards savings under 'C.-5—Secret Service Contingencies', the Committee suggested that, though an exact estimate of expenditure under this head might not be possible, as the budget estimate had proved excessive for a number of years, it should be considered whether a lump sum cut should not be imposed.

The Committee adjourned at 1-20 p.m.

Proceedings of the sixteenth meeting of the Public Accounts Committee held on Monday, the 25th July 1938, at 2-40 p.m.

PRESENT :

The Hon'ble Sir JAMES GRIGG, K.C.B., K.C.S.I., Finance Member, *Chairman*.

Mr. UMAR ALY SHAH.

Mr. B. DAS.

Prof. N. G. RANGA.

Mr. S. SATYAMURTI.

Bhai PARMA NAND.

Mr. J. RAMSAY SCOTT.

Dr. R. D. DALAL, C.I.E.

Khan Bahadur Shaikh FAZI-I-HAQ PIRACHA.

Khan Bahadur Sir ABDUL HAMID, C.I.E., O.B.E.

Mr. G. H. SPENCE, C.S.I., C.I.E., I.C.S., Secretary,
Legislative Department.

Mr. K. SANJIVA ROW, C.I.E., Joint Secretary, Finance
Department.

Mr. A. C. BADENOCH, C.S.I., C.I.E., I.C.S., Auditor
General of India.

Mr. T. K. RAJAGOPALAN, Representative of the A. G., C. R.

69. *Grant No. 76—Miscellaneous.*—With reference to the reappropriation of the entire provision made under ' J-1 (1).—Pay of Officers ', it was explained that this was because no official member had been included in the Delegation to the meeting of the Assembly of the League of Nations that year. The Delegation had been up to the normal strength but on that occasion all the members had been non-officials.

Some members of the Committee felt that as the Delegation represented India as a whole there was a case for a contribution from the Indian States.

70. The Committee then proceeded to deal with the remaining Grants under the control of the Finance Department who in the absence of Sir John Nixon were represented by Mr. Sanjiva Row.

71. "*Purchases and Sales of Silver Account*".—In connection with the statement showing the transactions under the head " Purchases and Sales of Silver " during the year 1936-37 (page 207 of the Appropriation Accounts), the question was raised as to whether this account served any useful purpose and need be retained. The Committee agreed that in any case it would be necessary to have an account to accommodate :—

- (a) payments to the Reserve Bank for the return of rupee coin under section 36 (1) of the Reserve Bank of India Act, and
- (b) incidental charges connected with silver sales including shipment and transport ;

Members.

Witnesses.

but they desire to be furnished with a note next year on the question whether the old debit balance in this Grant should not be written off to Government account.

72. *Commissions and Committees.*—Comment was made on the large modifications under 'D.-2 (1).—Pay of Officers' in Grant No. 76—Miscellaneous, due to the continuance of the Secretariat Procedure Committee, the appointment of the Delhi Electric Supply Enquiry Committee and expenditure on the Coal Mining Committee, and the Committee expressed the opinion that it should be possible to foresee and to provide for such Committees to a greater extent than appeared to be the case.

73. *Grant No. 76-B—Miscellaneous adjustments between the Central and Provincial Governments.*—The large total excess in the voted section of this Grant was explained to be due to the increased shares of the Provinces in the receipts from the jute export duty, and the Committee decided to recommend an excess vote to regularise the excess.

74. *Agency functions performed by the India Office.*—With reference to item 12 of the statement showing action taken on previous recommendations, it was stated that the question of the transfer of the agency functions, at present performed by the India Office on behalf of the Government of India, to the High Commissioner was now being investigated by Sir Ernest Burdon as a representative of the Government of India, and that a report would be submitted next year.

75. *Grant No. 90—Loans and Advances bearing interest.*—A member questioned whether there was any necessity for the Reserve of Rs. 10 lakhs provided in this Grant, and the Committee desired that as savings had occurred in this Grant for a series of years, the point should be examined.

The Committee adjourned at 5 p.m.

**Proceedings of the seventeenth meeting of the Public Accounts Committee held on
Tuesday, the 26th July 1938, at 11 a.m.**

PRESENT :

The Hon'ble Sir JAMES GRIGG, K.C.B., K.C.S.I., Finance Member, *Chairman*.

Mr. UMAR ALY SHAH.

Mr. B. DAS.

Prof. N. G. RANGA.

Mr. S. SATYAMURTI.

Bhai PARMA NAND.

Captain Sardar Sir SHER MOHAMMED KHAN, C.I.E.,
M.B.E.

Mr. J. RAMSAY SCOTT.

Dr. R. D. DALAL, C.I.E.

Khan Bahadur Shaikh FAZL-I-HAQ PTRACHA.

Khan Bahadur Sir ABDUL HAMID, C.I.E., O.B.E.

Members.

Mr. G. V. BEWOOR, C.I.E., I.C.S., Director-General of
Posts and Telegraphs.

Mr. T. R. SADASIVAM, Deputy Director-General, Posts
and Telegraphs.

Mr. A. BROKENSHAW, Chief Engineer, Posts and Tele-
graphs.

Witnesses.

Mr. A. C. BADENCOH, C.S.I., C.I.E., I.C.S., Auditor
General of India.

Mr. GHULAM MOHAMMAD, Finance Officer, Communica-
tions.

Mr. K. R. S. RAU, Accountant General, Posts and
Telegraphs.

The Hon'ble Sir JOHN NIXON, K.C.I.E., C.S.I., I.C.S.,
Finance Secretary.

76. *Loss on Telegraphs Branch.*—The Director-General of Posts and Telegraphs explained the various measures taken to reduce the loss on the working of the Telegraphs Branch. Actually, the loss had been continuously reduced and was about 30 lakhs for the year 1936-37 and was anticipated to be about 17½ lakhs for 1937-38. The loss would have been less but for the fact that Telegraphs traffic had not recovered in spite of the reduction in rates effected in 1934. The Director-General indicated that perhaps retrenchment had been carried too far in this Branch resulting in a deterioration in the quality of the service and that it might be necessary to face some additional expenditure so as to improve the service and attract more traffic. There was considerable discussion over the concessional rates allowed for Press Telegrams including multiple address telegrams to different stations, and the figures supplied seemed to indicate that the bulk of the loss as now reduced was due to the concessional

rates given to Press Telegrams. To make this point clear, the Committee desired that a verification of the present basis of the calculation regarding loss due to press concessions should be made and a report should be submitted next year. In general, the Committee agreed that it was justifiable to consider the commercial results of the telegraph and telephone systems together which would show no loss.

77. *Repayment of accumulated losses.*—With reference to page 3 of the Annual Report of the Indian Posts and Telegraphs Department, the method of repayment of the accumulated net interest bearing loss of the Department, which was Rs. 55 lakhs at the end of 1935-36 and of the accumulated loss on Press traffic and on the Radio Branch, as announced in the Budget Speech, was explained, and it was stated that on the completion of the annual payment of Rs. 8½ lakhs for the next 5 years the Department would have repaid all past losses, and that the question of the transfer of at any rate part of the surplus earnings to a Revenue Reserve Fund may have to be considered.

78. *Post Office Insurance Fund.*—With reference to Appendix XIV of the Annual Report showing the business of the Post Office Insurance Fund in Life Insurance, Endowment Assurance and Monthly Allowances, a member suggested that the Fund which at present was restricted to Government servants and the employees of Local Funds, should be opened to the general public. It was explained that if this was done, the management expenses would be greatly increased and the alteration in the mortality figures would completely upset the scale of premia at present fixed.

The Committee adjourned at 1-15 p.m.

Proceedings of the eighteenth meeting of the Public Accounts Committee held on Tuesday, the 26th July, 1938, at 2-30 p.m.

PRESENT :

The Hon'ble Sir JAMES GRIGG, K.C.B., K.C.S.I., Finance Member, *Chairman*.

Mr. UMAR ALY SHAH.

Mr. B. DAS.

Prof. N. G. RANGA.

Mr. S. SATYAMURTI.

Bhai PARMA NAND.

Captain Sardar Sir SHEH MOHAMMED KHAN, C.I.E.,
M.B.E.

Mr. J. RAMSAY SCOTT.

Dr. R. D. DALAL, C.I.E.

Khan Bahadur Shaikh FAZL-I-HAQ PIRACHA.

Khan Bahadur Sir ABDUL HAMID, C.I.E., O.B.E.

Members.

Mr. G. V. BEWOOR, C.I.E., I.C.S., Director-General
of Posts and Telegraphs.

Mr. T. R. SADASIVAM, Deputy Director-General, Posts
and Telegraphs.

Mr. A. BROKENSHAW, Chief Engineer, Posts and
Telegraphs.

Witnesses.

Mr. A. C. BADENOCH, C.S.I., C.I.E., I.C.S., Auditor
General of India.

Mr. GHULAM MOHAMMAD, Finance Officer, Communica-
tions.

Mr. K. R. S. RAU, Accountant General, Posts and
Telegraphs.

The Hon'ble Sir JOHN NIXON, K.C.I.E., C.S.I., I.C.S.,
Finance Secretary.

79. *Renewals Reserve Fund.*—In connection with the contribution of Rs. 25 lakhs to the Renewals Reserve Fund, as given in the summary of results of the working of the Department at page 1 of the Appropriation Accounts, it was explained that this was distributed among the Branches not in strict proportion to the capital involved in each Branch but after taking into account the longer life of the assets of the Post Office Branch, and that the further adjustment on this account between the contributions of the Telegraphs and Telephone Branches was now under consideration.

80. *Accuracy of budgeting.*—It was noted that the original budget had been upset by the decision taken after the estimates were framed for the allocation of expenditure between Working Expenses, Capital and Renewals Reserve Fund whereby larger debits had been passed on to the Renewals

Reserve Fund than were originally estimated, and ~~that~~ for Capital Works under Grant No. 91 the main disturbing factors were the changes in the programme of telephone works and the abandonment of works intended for the Railway, Civil Aviation and Provincial Governments. It was explained that a Telephone Development Fund had now been created to finance the 5-year Capital Programme from 1938-39, and that the railways and other departments had been informed that unless a firm demand for new schemes is made by a given date it will not be possible to undertake them.

81. *Frauds by Extra Departmental Agents.*—In connection with paragraph 12 of the Audit Report, attention was drawn to the large number of frauds committed by Extra Departmental Agents and it was explained that these mainly related to Savings Bank work carried out in remote village Post Offices where immediate supervision is impossible. It was pointed out that the total loss was extremely small in relation to the amount of money handled, and that the question of selecting more reliable persons as Agents and of devising other measures to reduce the possibility of fraud was now under examination.

82. *Grant No. 23, sub-head "F.-Engineering Expenses"*.—Comment was made on the amounts of the re-appropriations under 'Pay of Officers' and 'Pay of Permanent Establishment' under this sub-head, and it was explained that the variations were small and that according to the new system of sub-heads based on the recommendation made by the Committee last year, which had now been introduced, these variations would not occur in future.

The Committee adjourned at 5-30 p.m.

Proceedings of the nineteenth meeting of the Public Accounts Committee held on Wednesday, the 27th July, 1938, at 11 a.m.

PRESENT :

The Hon'ble Sir JAMES GRIGG, K.C.B., K.C.S.I., Finance Member, *Chairman*.

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| Mr. UMAR ALY SHAH. | } | <i>Members.</i> |
| Mr. B. DAS. | | |
| Prof. N. G. RANGA. | | |
| Mr. S. SATYAMURTI. | | |
| Bhai PARMA NAND. | | |
| Captain Sardar Sir SHER MOHAMMED KHAN, C.I.E., M.B.E. | | |

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| Mr. J. RAMSAY SCOTT. | } | <i>Witnesses.</i> |
| Dr. R. D. DALAL, C.I.E. | | |
| Khan Bahadur Shaikh FAZL-I-HAQ PIRACHA. | | |
| Khan Bahadur Sir ABDUL HAMID, C.I.E., O.B.E. | | |
| The Hon'ble Mr. J. A. THORNE, C.S.I., C.I.E., I.C.S., Secretary, Home Department. | | |
| Mr. J. N. TALUKDAR, I.C.S., Deputy Secretary, Home Department. | | |

Mian MUHAMMAD RAFI, B.A., *Bar-at-Law*, Secretary,
Legislative Assembly Department.

Mr. A. C. BADENOCH, C.S.I., C.I.E., I.C.S., Auditor
General of India.

Mr. T. K. RAJAGOPALAN, Representative of the A. G., C. R.

The Hon'ble Sir JOHN NIXON, K.C.I.E., C.S.I., I.C.S.,
Finance Secretary.

83. *Grant No. 80-Delhi*.—In connection with note 5 under this Grant (at page 299 of the Appropriation Accounts), the Committee desired that in future the Auditor General should elaborate the note on the receipts and expenditure of Delhi Province.

84. The Committee decided to recommend excess votes to cover the excesses that had occurred under Grants Nos. 81.—Ajmer-Merwara and 82.—Andamans and Nicobar Islands.

85. *Shipping Department, Andamans*.—With reference to the remark in paragraph 208 of the Commercial Appendix that a better result could be obtained if the freight on timber was raised to that charged by outside steamers, it was explained that there were difficulties in that the S. S. "Maharaja" had to provide the service for the whole Settlement, and its programme of voyages could not be regulated to suit the timber trade like that of outside steamers, but that the question of raising the freight on timber was being considered.

86. *Commissariat Department, Andamans*.—With reference to the Audit Comments in paragraphs 230—231 of the ¹⁹³⁵ Commercial Appendix, the Committee desired that the reason for the sale of butter and mutton at less than cost price should be examined and a report submitted next year.

87. *Date of publication of Appropriation Accounts*.—A member drew attention to paragraph 118 of the proceedings of the Public Accounts Committee, 1937, where the non-official members of the Committee recommended that in future the Appropriation Accounts should be published as soon as they were available. The Auditor General explained the steps that had been taken on his advice by Provincial Governments to secure this result, and the Committee desired that the legal position and the possibility of similar action as regards immediate publication without waiting for the Accounts to be laid more than formally before the Legislature should be examined.

88. The non-official members of the Committee desired to reiterate their recommendation of last year 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.

89. The Committee desired to thank the Auditor General for the valuable assistance which they had received from him throughout their meetings. The members also wished to place on record their appreciation of the work of Sir James Grigg as Chairman throughout the last five years and of the great assistance rendered by him to the Committee.

REPORT OF THE ^{4th}MILITARY ACCOUNTS COMMITTEE, 1938.
J.B.L.Z.

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. 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 considerable progress has been made in the task of revising the Army Regulations, the more important of which have now been issued, and to be assured that there is every probability of the main work being completed before next year. We were also glad to learn that the revised Equipment Regulations and Tables of the R.A.F. are nearing completion and that stock limits have been prescribed in the revised edition of the Equipment (Stores) Regulations which has been issued and is now in general use. The review of stocks in relation to these limits, which is now proceeding, we consider to be most important and recommend that the Air Officer Commanding should be asked to give a full report next year of the progress made and of the results of the review.

3. *Accelerated payment in March.*—We were glad to note that the stringent orders issued by the Engineer-in-Chief to prevent works being rushed through in the last weeks of the financial year and to enforce the surrender of funds that could not properly be carried out within the time for re-grant in the following year had resulted in considerable improvements, but we consider that while the re-grant of lapses is adequately provided for more attention should be paid to the necessity of making cuts for the amounts thus unexpended.

4. *Correction of over-budgeting.*—We were glad to learn that the system of making a lump sum cut on account of the accumulation of small savings throughout the Grant as a whole had been put into effect from the year 1937-38. We realise that this Grant is particularly liable to disturbing factors such as military operations in Tribal Areas which may neutralise the effect of such an all-over cut, but we are of opinion that the system is normally capable of further development, and we recommend that the Financial Adviser, Military Finance, should be asked to prepare a memorandum on the processes of estimating now in force for the Defence Services and the improvements that might be made in the system.

5. Our main conclusion from the examination of the over-payments and non-recoveries of dues brought to our notice by Audit was that there was a tendency to repeat payments without examination or reference to the original sanction or ruling, and we wish to stress the desirability of a review of the original orders on which standing charges are based at regular intervals, such as we have been assured has now been undertaken by the Military Audit Department.

6. *Defence Reserve Fund.*—We are inclined to think that now that the free balance in the Defence Reserve Fund has been exhausted, this Fund should be restricted to the financing of projects that cannot be completed within the year and of specific schemes for which earmarked sums have been set apart. We therefore recommend that a review of the Defence Reserve Fund as a method of financing expenditure from Defence Estimates should now be undertaken and a report on the subject submitted next year.

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Proceedings of the first meeting of the Military Accounts Committee held on Tuesday, the 12th of July, 1938, at 11 a.m.

PRESENT :

The Hon'ble Sir JAMES GRIGG, K.C.B., K.C.S.I., Finance Member, *Chairman*.

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| Captain Sardar Sir SHER MOHAMMED KHAN, C.I.E., M.B.E. | } | <i>Members.</i> |
| Mr. S. SATYAMURTI. | | |
| Mr. B. DAS. | | |
| The Hon'ble Sir JOHN NIXON, K.C.I.E., C.S.I., I.C.S. | } | <i>Witnesses.</i> |

Mr. C. M. G. OGILVIE, C.B.E., I.C.S., Secretary,
Defence Department.

Mr. M. R. COBURN, O.B.E., Financial Adviser, Military
Finance.

Mr. V. NATESAN, Deputy Financial Adviser, Military
Finance.

Mr. J. PARLBY, O.B.E., Military Accountant General.

Mr. A. C. BADENOCH, C.S.I., C.I.E., I.C.S., Auditor
General.

Mr. W. R. TENNANT, I.C.S., 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 by them in previous years.

2. *Item 28—Allocation of Ecclesiastical Expenditure.*—In connection with item 28 in the statement showing action taken on previous years' recommendations it was stated that the census had been completed but for certain returns in regard to plains stations which had had to be sent back for correction, and that when these had been revised and duly compiled, the census would be complete. The Committee trusted that this question would be finally disposed of this year and desired that all possible steps should be taken to bring this about.

3. *Item 45—Revision of Army Regulations.*—With reference to the report submitted on the subject (Appendix XVII), the Defence Secretary stated that though good progress had been made in the revision of the more important regulations, this would have been more rapid if the Special Officer appointed to this duty had not been incapacitated by illness for a considerable period. The remaining regulations to be revised did not present so large a task and the Defence Secretary stated that the main work should be completed in another year, though it would be necessary for one officer to be retained permanently on the work of revision so as to avoid the accumulation of correction slips. It was also explained that, with the concurrence of the Auditor General, the practice of bringing all individual cases under some section of the regulations

had been abandoned, and that in future only questions of principle should be made the basis of correction slips. The Committee agreed that the progress made was satisfactory and desired that a further report should be submitted next year.

4. *Item 46—Scheme for the interchange of Accountants of the Public Works Department and of the Military Engineer Services.*—In connection with the report submitted by the Financial Adviser on the subject (Appendix XVIII), it was noted that no direct advantage had been gained by the deputation of Public Works Department Accountants to the Military Accounts Department and that, as it was stated that the real advantage of the scheme was in the wider experience and knowledge gained by the Accountants of the Military Accounts Department during their training, it was suggested by a member that only this side of the scheme should be retained and that the deputation of P. W. D. Accountants to the Military Department should be discontinued. The Auditor General explained that the first batch of Public Works Accountants sent in exchange had with certain exceptions not been of sufficient calibre to devise improvements in the M. E. S. system, in which indeed there was little scope for constructive suggestions owing to the recent embodiment therein of whatever seemed suitable from the Public Works side; if however the experiment was to be continued, an exchange was cheaper than unilateral deputation. The Committee agreed that the system should be continued for another year when a further report should be submitted, and that meanwhile the Auditor General and the Financial Adviser should consider whether improvements could be made in the selection of personnel of Public Works Accountants.

5. *Item No. 47—Overstocking of Royal Air Force stores.*—It was explained in connection with the note on the subject (Appendix XIX) that stock limits had been prescribed and reduction was being carried out to these authorised stock limits which were based on 15 months' requirements for overseas supplies and 9 months for Indian supplies, and that this was subject to check by the local audit officer. It was also explained that the review of the existing stocks was proceeding and had been half completed, and that it was not possible to reduce the stocks to the prescribed limits in all cases owing to the necessity of retaining spares for obsolescent aircraft which were no longer manufactured, but as arranged by the Auditor General, all cases of stores exceeding the limit of three years' anticipated requirements were referred to the R.A.F. Headquarters and thence to Government and statutory audit. The Committee was satisfied that the review of the whole stock now being carried out would remove the danger of overstocking in future, but desired that the Air Officer Commanding should next year give a full report of the progress made, with statistics of the amounts declared surplus or obsolete and the progress made in disposing of them; and that with this report should be submitted a review by the Director of Audit, Defence Services.

6. *Item No. 48—Payment to military officers of compensation for inferior quarters.*—It was explained in connection with the note on the subject (Appendix XX) that the elasticity introduced by the "Zoning System" had very much reduced the expenditure on compensation. A member suggested that a recommendation should be made to abolish the payment of compensation

altogether, but it was pointed out that in view of the rights of the officers concerned to count lodging allowance as part of their pay, the system was reasonable; and this was accepted by the Committee.

7. *Item 51—Accelerated payment of bills in March.*—The report of the Director of Audit, Defence Services (Appendix XXI) was considered in connection with paragraph 130 of the Appropriation Accounts, and it was accepted by the Committee that the improvement in this respect over previous years had been material, and it was hoped that the unusual increases in expenditure during the concluding weeks of the financial year, which had occurred in the past, would disappear in future years. The Director of Audit, Defence Services, would report specifically only if there were appreciable deterioration from the March 1938 standard.

8. *Item 52—Disposal of surplus and obsolete stores.*—It was explained that the figures in regard to the total value of stores condemned was available in the statistics maintained by the Military Finance Branch, but the publication of the book value of such stores would be entirely misleading. It was agreed that the procedure for the continuous check of surplus or obsolete stores by the Military Finance Department, and the present system of making the particulars of surplus and obsolete stores available to audit criticism was satisfactory.

9. *Item No. 53—Methods of charging the War Office with the pay of officers serving with a lent unit.*—It was explained in connection with the note on the subject (Appendix XXIII) that capitation rates were fixed in consultation with the War Office for a period of 5 years, and that in the next quinquennial revision in 1939 a fresh ratio in accordance with the actual numbers in the various ranks of Infantry units of the Indian Army would be adopted.

10. *Mechanisation of Ordnance Factory Accounts.*—The note with reference to paragraph 29 of the Commercial Appendix to the Appropriation Accounts for 1936-37 (Appendix XXIV) was then considered, and it was agreed that the mechanisation of Ordnance Factory Accounts, which had been carried out in the Ordnance and Clothing Factories in respect of Workmen's Pay Rolls, Cost Accounts and Store Accounts and which had speeded up various accounts and statistics and had brought about a considerable saving in expenditure, had proved satisfactory.

The Committee adjourned at 1-15 p.m.

**Proceedings of the second meeting of the Military Accounts Committee held on
Tuesday, the 12th July, 1938, at 2-30 p.m.**

PRESENT :

The Hon'ble Sir JAMES GRIGG, K.C.B., K.C.S.I., Finance Member, *Chairman.*

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| Captain Sardar Sir SHER MOHAMMED KHAN, C.I.E., M.B.E. | } | <i>Members.</i> |
| Mr. S. Satyamurti. | | |
| Mr. B. Das. | | |
| The Hon'ble Sir JOHN NIXON, K.C.I.E., C.S.I., I.C.S. | | |

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| Mr. C. M. G. OGILVIE, C.B.E., I.C.S., Secretary, Defence Department. | } | <i>Witnesses.</i> |
| Mr. M. R. COBURN, O.B.E., Financial Adviser, Military Finance. | | |
| Mr. V. NATESAN, Deputy Financial Adviser, Military Finance. | | |
| Mr. J. PARLBY, O.B.E., Military Accountant General. | | |

Mr. A. C. BADENOCH, C.S.I., C.I.E., I.C.S., Auditor
General of India

Mr. W. R. TENNANT, I.C.S., Director of Audit, Defence
Services.

11. The Committee then took up the consideration of the report of the Director of Audit, Defence Services, taking first the examination of the Reconstruction in Baluchistan.

12. *Paragraphs 32, 33, 34 and 35.*—In connection with the financial review of the Quetta Reconstruction, 1936-37, submitted by the Financial Adviser, Military Finance (Appendix XXV), the Committee agreed that the special procedure of the lump sum contract system adopted for the Quetta programme was justified in view of the rapid and expeditious reconstruction required, and that Government had not suffered financially from this procedure. The question was raised whether the expenditure on the establishment had been kept as low as possible, and it was explained that in the year 1936-37 when the plans were being prepared and land being levelled, the ratio of expenditure on staff to the cost of buildings erected was bound to be high, and that expenditure on establishment could only be considered with regard to the cost of the scheme as a whole. The statement of the Defence Secretary that the ratio of the cost of establishment to works constructed in 1937-38 was a particularly low figure, that compared favourably with the percentages of the Central and Provincial Public Works Departments, and that although it was not possible owing to the cutting down of the allotment of funds to carry out the optimum amount of work each year, it was hoped to keep the expenditure on establishment to the level of Rs. 45 lakhs provided in the project estimate was noted with satisfaction; and the Committee expressed the hope that every effort should be made to approximate to this.

13. *Paragraph 36.*—The modifications in the normal procedure that had to be allowed to suit the special circumstances of the first contracts were noted and since very short notice was given for the tenders to ensure the earliest possible start of construction in the short working season remaining in 1936, the Committee agreed that it was reasonable to have allowed correction of *bona fide* errors in the schedule prior to the conclusion of certain contracts.

14. *Paragraph 38.*—The Committee examined the instances of transactions which audit considered open to question and their conclusions were that:—

- (1) on the question whether the State got the full advantage of the specially reduced price of cement obtained by Government in return for its guarantee that a certain company's cement only would be used for the first six years of reconstruction, there was no reason to think that Government had lost anything by the contractors not being formally notified that cement would be purchaseable at the reduced price ;
- (2) the revision of the rate for an important item in the schedule of rates to the financial advantage of the contractors of one group after acceptance of the contract was a correction of an obvious mistake which had been rightly allowed ;
- (3) the concession allowed to the contractors for payment for hot and cold water installations, special improvements to site, surface drainage and approach roads at the rates in the schedule of rates unmodified by the ratio, without the sanction of the Government of India was a technical mistake ; and
- (4) as regards the construction without specific authorisation of—
 - (a) Institute for Royal Army Medical Corps and Indian Hospital Corps, and
 - (b) 18 Class D quarters attached to servants' quarters to Class IX quarters,

administrative approval of the scheme as a whole did not exempt the executive authorities from obtaining separate sanctions for such normally unauthorised items, and that specific sanction should have been obtained. As there seems to have been some misunderstanding over the terms of the administrative approval, the Committee desired to lay down for the future that the specific sanction of the Finance Department should be obtained for the construction of each item in the unauthorised list, though these were included in the project estimate approved by the Government of India.

15. *Paragraph 6.*—The question of over-budgeting and the “margin of safety” disclosed in the estimates over a number of years was discussed at length by the Committee along with paragraphs 129 and 130 of the Appropriation Accounts of the Defence Services for 1936-37. In considering the appropriations and expenditure under the head ‘8—Military Engineer Services (including Storcs),’ the Committee noted that in the past officers entrusted with the execution of works had endeavoured to minimise lapses by rushing through work and the connected expenditure during the last

weeks of the financial year, and that stringent orders had been issued by the Engineer-in-Chief with the object of inducing spending officers to surrender for regrant in the following year funds allotted for works that could not be carried out and paid for before the 31st March without resorting to this undesirable practice. It was accepted by the Committee that the improvement in this respect over previous years had been material; but they considered that while provision had been made for regrant of lapses, sufficient attention had not been paid to the necessity of making a cut for the amounts thus unexpended.

Though the cumulative total of savings was less than 1 per cent. of the total grant, and though this might be due to an unavoidable accumulation of small margins adding up to a large saving, the Committee considered that this should be dealt with by a lump sum cut. It was explained that this practice of making a lump sum cut on account of the accumulation of small savings had been adopted since the year 1937-38; but the Committee desired that the Financial Adviser, Military Finance should, before the Committee met next year, send them a memorandum on the processes of estimating now in force for the Defence Services and his suggestions for their improvement based on his War Office experience.

16. *Paragraph 7.*—The over-estimate under ' Pay of Officers ' was noted by the Committee, who recommended that a larger lump sum cut on the basis of the average underspendings of previous years should be made under this head.

17. *Paragraph 8.*—It was explained by the Defence Secretary that as the stages of the scheme for reorganisation of the Mechanical Transport Services were brought into force at intervals, possible savings came to light and thus there was a saving on the original estimates with consequential benefit to Government.

18. *Paragraph 11.*—After discussion, in which the Committee was assured that the reserves in the Defence Estimates were only used to augment the existing grants subject to the ordinary rules of control, they agreed that the reserves as now reduced which amount to Rs. 10 lakhs in all supplied only a reasonable provision for unforeseen contingencies and were not excessive.

The Committee adjourned at 5 p.m.

**Proceedings of the third meeting of the Military Accounts Committee held on
Wednesday, the 13th July, 1938, at 11 a.m.**

PRESENT :

The Hon'ble Sir JAMES GRIGG, K.C.B., K.C.S.I., Finance Member, *Chairman*.

Captain Sardar Sir SHER MOHAMMED KHAN, C.I.E.,
M.B.E. }

Mr. S. SATYAMURTI. }

Mr. B. DAS. }

Members.

The Hon'ble Sir JOHN NIXON, K.C.I.E., C.S.I., I.C.S. }

Mr. C. M. G. OGILVIE, C.B.E., I.C.S., Secretary,
Defence Department. }

Mr. M. R. COBURN, O.B.E., Financial Adviser, Military
Finance. }

Witnesses.

Mr. V. NATESAN, Deputy Financial Adviser, Military
Finance. }

Mr. J. PARLBY, O.B.E., Military Accountant General. }

Mr. A. C. BADENOCH, C.S.I., C.I.E., I.C.S., Auditor
General of India.

Mr. W. R. TENNANT, I.C.S., Director of Audit, Defence
Services.

19. The Committee continued the examination of the report of the Director of Audit, Defence Services.

20. *Paragraphs 14, 15 and 16—Overpayments and non-recoveries due to failure to examine original sanctions.*—The Committee noted that the supplementary payments on account of conveyance charges for military animals had been made under the mistaken interpretation of the original sanction and commented on the fact that there was no examination of the original ruling during the 8 years the payments were continued. The non-recovery of departmental charges from a foreign Government mentioned in paragraph 15 and the short recovery of rent described in paragraph 16 were also considered to be the result of the same defect. The Committee were of the opinion that it was desirable that a review of standing charges should be conducted at intervals, and were glad to be assured that the Military Audit Department had started the practice of examining all cases of payments based on standing orders, as the result of which these irregularities had been brought to light.

21. *Paragraph 18—Overpayment of travelling allowance.*—In connection with the overpayments on account of free return rail passages to their homes granted to persons serving in the Quetta area at the time of the earthquake, it was explained that the main cause for the mistake made was that the original orders had been sent by wireless to Quetta when no other means of communication were available, and that the letter of confirmation was issued some time after by another Branch. The Committee noted the fact that the overpayments were mainly the result of mistakes due to the rush of work at the time of the earthquake, when there was the necessity for extremely rapid decisions.

22. *Paragraph 22—Irregular payment of rent.*—The Committee considered that the fact that the rent of the leased bungalow was continued to be paid to the former owner after it has been sold to another party instead of being deposited in court, disclosed an error of judgment which deserved censure; and the Defence Secretary undertook to look into the action taken against the authorities concerned.

23. *Paragraph 24—Purchase of carts without calling for tenders out of a special grant-in-aid to a Cantonment.*—Though the matter was not strictly within their jurisdiction, the Committee expressed the opinion that a serious irregularity had been disclosed and noted that the question of disciplinary action against the officer responsible would be pursued in the Defence Department.

24. *Paragraph 25—Overpayments of pensions.*—The Committee noted that the number of cases of overpayments of pensions had been substantially reduced and agreed that the special report on the subject might be discontinued.

25. *Paragraph 29—Establishment charges in the Military Engineer Services.*—It was explained that the increase in the establishment charges in 1936-37 was partly due to the initial expenditure on Quetta Reconstruction. The Committee noted, however, that the percentage of establishment charges had remained in the neighbourhood of 24 for the last three years, and considered that *prima facie* this was high and called for investigation and report next year.

26. *Paragraph 30—Surveyors of Works.*—The Committee noted that the distribution of responsibility for internal check had been materially affected in greater or less degree in different Commands by the introduction of the specialist cadre of Surveyors of Works, and that adequate arrangements to meet that situation were not yet perfected. They desired that the Director of Audit, Defence Services, should submit a report on this matter next year.

27. *Paragraphs 40 and 41—Stock verification.*—The Auditor General stated that he had no reason to question the system of stock verification now in force; and this was accepted by the Committee.

28. *Paragraph 44—Central Abattoir and Cold Storage Schemes.*—The Committee could not but regard the fact that the scheme had had to be aban-

done as unfortunate on account of both the waste of Government money involved and of the loss of facilities that would have been obtained both for the public and for the Army.

29. *Paragraph 45—Appendix B.*—Pro forma account of expenditure on programme measures.—It was noted that with the exhaustion of the free balance in the Defence Reserve Fund, it was doubtful whether the Fund served any purpose other than that of an Equalisation Fund for projects that could not be completed within the year and for sums earmarked for certain specific items. The Committee were disposed to think that the suitability of the Defence Reserve Fund as a method of financing expenditure from Defence Estimates should now be reviewed and that the question of the inclusion in it of the Land Sales Suspense Account should be examined.

Appropriation Accounts

30. *Paragraph 27—Military Accountant General's Certificate.*—The Committee noted that the rules relating to issues of oil to consuming units and formations had now been clarified, and the Military Accountant General stated that from the year 1939-40 it would be possible to issue a complete certificate in respect of such issues.

31. *Paragraph 28—Variations between original appropriation and expenditure.*—Attention was drawn to the considerable variations between the original appropriation and expenditure under the heads '11—Royal Indian Navy (Including Stores)' and '12—Quetta Reconstruction' and it was explained that in the case of the R. I. N. this was due to the previous system of budgeting for a lapse to the Equalisation Fund which had now been discontinued.

32. *Paragraphs 83 and 84—Excesses due to new appointments.*—The Committee desired to reaffirm their view that increases of expenditure unprovided for in the budget which were avoidable should be postponed.

Commercial Appendix.

33. *Paragraph 4—Grass Farms.*—The Committee noted that ordinarily two-thirds of the average annual consumption of fodder was produced by the Farm Authorities and that one-third had to be purchased from contractors at higher rates. It was explained that in certain areas and at certain small stations grass farms would not be advantageous, but the Committee desired that the question whether the system of Military Grass Farms could not profitably be extended should be examined and that a report should be submitted next year.

34. *Paragraphs 6, 7 and 8—Dairy Farms.*—It was noted that milk, butter and cream were sold to the troops at concession rates considerably lower than the market prices; and the Committee desired that it should be examined

whether this dairy produce was not being sold unduly cheaply and that a report on this point should be furnished next year.

35. *Paragraph 14.—Medical Store Depots.*—The Committee noted that the method of compiling the accounts of the Medical Store Depots was still under consideration and hoped that the form of accounts designed to show the net effect of the activities of the depots in connection with supplies and services rendered on payment by them to civil institutions would be settled in the course of the year.

36. *Paragraph 25.—Clothing Factory.*—The Committee considered that it should be possible to test the actual profit made by the Clothing Factory as against the open market, and desired that a report on this matter should be submitted by the Financial Adviser, Military Finance next year.

The Committee adjourned at 1-30 p.m.

APPENDIX

Statement showing action taken or proposed to be taken on recom

PART I.—Civil, Posts and Tele

| Serial No. | Year of Report. | Paragraph of Report or Proceedings. | Recommendations or suggestions. |
|------------|-----------------|--|--|
| | | | <i>Civil (Education, Health and Lands).</i> |
| 1 | 1935-36 | 10-R. 7-P. | .. 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. |
| 2 | 1935-36 | 7-P. | .. That Government should consider the question of allowing the Mathematical Instrument Office to take work direct from the public. |
| 3 | 1935-36 | 5-P. | .. That the Committee should be informed whether any investigation has recently been undertaken with a view to improving the financial position of the Map Sales Department. |
| 4 | 1935-36 | 6-P. | .. That Government should investigate whether it is necessary to hold such large stocks in the Photo Litho Office. |
| 5 | 1935-36 | 8-P. | .. That Government should consider whether it is necessary to retain the post of Director of the Botanical Survey, now that Burma has been separated. |
| 6 | 1935-36 | 44-P. | .. That the Committee be supplied with further information regarding the staff maintained at Jeddah in connection with Indian pilgrims. |
| | | | <i>Civil (Finance).</i> |
| 7 | 1935-36 | 5-R. 48-P. 60-P. 6-P. (Military). | .. That the advisability of imposing lump cuts should be considered, especially in connection with certain Grants where there have been substantial savings in past years. |
| 8 | 1935-36 | 5-R. 13-P. 8-R. (Military). | .. That all the authorities concerned should be reminded of the principle that even if budget provision has originally been made under an incorrect unit, the corresponding expenditure should be brought to account under that unit, unless there be strong reasons for a contrary course. |
| 9 | 1935-36 | 5-R. 17-P. 22-P. | .. That the Finance Department should, in consultation with the Auditor-General, experiment with a few Grants in order to see whether larger units of appropriation, both for budgeting and appropriation report purposes, would not lead to more accurate estimating and indeed to economy. |

DIX I.

recommendations made by the Central Public Accounts Committee.

graphs, and Defence Services.

Action taken or proposed to be taken.

A note has been submitted to the Committee, (Appendix IV).

The Government of India have decided that it is neither practicable nor desirable to allow the Mathematical Instrument Office to take work direct from the Public. The Mathematical Instrument Office will continue to undertake certain special classes of work for private and local bodies at remunerative rates when the office is not working to capacity on Government work, (*Vide* Appendix V).

A note on the subject has been submitted to the Committee, (Appendix VI).

A note has been submitted to the Committee, (Appendix VII).

The question is being considered.

A statement has been furnished, (Appendix VIII).

The system of making lump outs has been adopted.

Instructions have been issued by the Auditor-General to all accounting and audit authorities.

The question is being considered.

Statement showing action taken or proposed to be taken on recom

PART I.—Civil, Posts and Tele

| Serial No. | Year of Report. | Paragraph of Report or Proceedings. | Recommendations or suggestions. |
|-------------------------------|-----------------|--|---|
| <i>Civil (Finance)—contd.</i> | | | |
| 10 | 1935-36 | 7-R. .. 48-P. .. 54-P. .. 101-P. .. | That in order to avoid unnecessary supplementary grants the latest figures of actuals should be carefully studied immediately before a supplementary demand is submitted to the Legislature. |
| 11 | 1935-36 | 8-R. .. 41-P. .. 84-P. .. 112-P. .. | That the Finance Department should consider the possibility of eliminating the capital head for expenditure on the commutation of pensions and also certain other minor capital heads. |
| 12 | 1935-36 | 9-R. .. 43-P. .. | That unless there are very strong administrative or financial reasons for continuing the existing system the agency function at present performed by the India Office on behalf of the Government of India should be transferred to the High Commissioner and the remaining cost of the India Office should be borne by His Majesty's Government. |
| 13 | 1935-36 | 9-R. .. 40-P. .. | That Government should consider whether the account maintained by the Secretary of State with the Bank of England could not be transferred to the Reserve Bank. |
| 14 | 1935-36 | 32-P. .. | That the procedure adopted in connection with savings in Grant No. 27 should be investigated. |
| 15 | 1935-36 | 35-P. .. | That the Finance Department should satisfy themselves that the amount which is placed at the disposal of the Secretary of State for secret service expenditure is still necessary. |
| 16 | 1935-36 | 49-P. .. | That when a supplementary grant is required to meet only a part of the cost of a scheme the Legislature should be informed of the total cost. |
| 17 | 1935-36 | 110-P. .. | That Grant No. 76—Miscellaneous should, if possible, be re-arranged in future years in order to bring together the items relating to each Department. |
| 18 | 1935-36 | 4-P. .. | 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 sufficiently clearly defined. |

Recommendations made by the Central Public Accounts Committee—contd.
Graphs, and Defence Services—contd.

Action taken or proposed to be taken.

Instructions have been issued to the authorities concerned.

In the budget for 1938-39 expenditure on the commutation of pensions relating to the Commercial Departments is being charged to revenue, and the old procedure has been retained only for commutations relating to the Civil and Defence Departments. The capital head for expenditure on retrenched personnel and the corresponding demand have been abolished, and four other capital demands (Irrigation, Security Printing, Currency, and Light-houses and Lightships) have been amalgamated with the corresponding revenue demands. It is hoped that this question will shortly be investigated in London by a representative of the Government of India.

The Reserve Bank have been consulted on this question. They consider that it would be inconvenient to transfer the account while the sterling debt of the Government of India continues to be managed by the Bank of England, and that in present circumstances the transfer of the sterling debt to their management would be unlikely to result in any appreciable economy. The Government of India have accordingly decided to allow the existing arrangements to continue for the present.

Expenditure on the upkeep and maintenance of State carriages, horses and motors was formerly debited to the non-lapsing contract grant of the Governor-General. In 1923 a separate sub-head was opened for convenience in accounting and control, but the allotment under this sub-head has always been regarded as a part of the contract grant. It may not be exceeded in any year, and as it includes provision for periodical purchases of horses and carriages it is necessary that its balances should be carried forward.

The Finance Department are satisfied that it is necessary to incur some secret service expenditure abroad. The expenditure is now controlled by the Director, Intelligence Bureau, and the necessary provision is included in his budget.

This will be done.

The question is being examined, but in view of the accounting difficulties involved it was not considered practicable to introduce the proposed change in the Demand for 1938-39.

In the list of controlling authorities issued by the Finance Department for the financial year 1937-38 the responsibility of the departments and officers concerned for the control of the English portions of their Grants has been specifically mentioned where necessary. It has also been decided that when modifications in the provision for English expenditure are sanctioned by controlling authorities under their own powers copies of the orders should always be supplied to the Finance Department to enable the latter to verify that changes reported by the Secretary of State or the High Commissioner are not overlooked.

Statement showing action taken or proposed to be taken on recom

PART I.—Civil, Posts and Tele

| Serial No. | Year of Report. | Paragraph of Report or Proceedings. | Recommendations or suggestions. |
|------------|--|--|---|
| 19 | 1935-36 | 9-P. | <i>Civil (Finance)</i> —concl'd. 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. |
| 20 | 1935-36 | 15-R. .. 12-P. .. 13-P. .. 96-P. | That all the authorities concerned should be reminded of the importance of ensuring that the explanations given in the Appropriation Accounts are both accurate and intelligible. |
| 21 | 1935-36 | 15-R. .. 106-P. 9-R. (Military). 7-P. (Military). | That the audit officers concerned should indicate in their Audit Reports which of the items in the lists of variations, etc., they still regard as unsatisfactory after considering the explanations given by the administrative authorities. |
| 22 | 1935-36 | 6-R. 88-P. | That Government should suggest means of improving the accuracy of budgeting for works expenditure while maintaining the principle of Parliamentary control. |
| 23 | 1935-36 | 8-R. 72-P. | That any further expenditure on New Delhi, which is not of a clearly remunerative character, should be charged to revenue and not to capital. |
| 24 | 1935-36 | 65-P. | That in future the Finance and other Departments should invariably obtain the opinion of the technical Department before making budget provision for any works projects. |
| 25 | 1935-36 | 11-P. .. | That the Government of India should insist on obtaining audited statements of the accounts of all institutions to which grants-in-aid are paid. |
| 26 | 1935-36 | 46-P. .. | <i>Civil (Central Board of Revenue).</i> That it should be considered whether customs and other assignments and compensations should not be treated as deductions from revenue instead of expenditure. |
| 27 | 1935-36 | 50-P. .. | That the Board should examine the possibility of securing a reduction in expenditure corresponding with the reduction in the output of the Opium Factory at Ghazipur. |
| 28 | 1926-27 1928-29 1929-30 1933-34 1934-35 1935-36 | 25-R. .. 91-P. 118-P. 36-P. 20-P. 57-P. | <i>Civil (Industries and Labour).</i> That the question of the allocation of ecclesiastical expenditure should be settled as early as possible. |

Recommendations made by the Central Public Accounts Committee—contd.
Graphs, and Defence Services—contd.

Action taken or proposed to be taken.

Draft rules, providing in respect of new entrants to the Secretary of State's Services for recoveries from pensions, were forwarded to the Secretary of State for his approval. He has decided, however, in view of existence of means of recovery in cases involving fraud through the law courts, of the difficulties attendant on investigation when the retired officer is resident out of India, and of the resulting discrimination between the liabilities of pensionable and non-pensionable Services (provident funds become absolute property of an officer on retirement), not to frame such rules. The Government of India are reluctant, in this matter, to treat other Government servants differently from Secretary of State's officers, and have consequently decided to abandon the proposed amendments in respect of the Services under their control.

It may be pointed out that the competent authorities have full power under Article 470-C. S. R. to reduce a pension if service has not been thoroughly satisfactory; use is made of this power when irregularities come to light before a pension is finally sanctioned.

Instructions have been issued to the authorities concerned, (Appendix XV).

The Auditor-General has issued instructions on the subject.

The procedure recommended in Appendix VI to the Committee's Report has been adopted in connection with the Civil Works Demand for 1938-39.

It is not at present practicable to meet the cost of all unremunerative items from current revenues, but such items will only be charged to capital if they are both large and indispensable.

The recommendation has been brought to the notice of the authorities concerned.

Instructions have been issued to the authorities concerned.

It has been decided in consultation with the Auditor General, not to make any change in the existing procedure for the present.

It has been decided that one more division (poppy cultivation) should be abolished. This will involve a saving of about Rs. 12,500 during 1938-39 and appreciably more in later years. Orders for reduction of factory establishment which will result in an annual saving of Rs. 26,000 approximately have issued.

A census of entitled persons is being taken.

Statement showing action taken or proposed to be taken on recom

PART I.—Civil, Posts and

| Serial No. | Year of Report. | Paragraph of Report or Proceedings. | Recommendations or suggestions. |
|------------|--|--|---|
| | | | <i>Civil (Industries and Labour)—contd.</i> |
| 29 | 1932-33 1933-34 1934-35 1936-37 | 31-P. 14-R. 23-P. 62-P. | That in view of the large drop in the value of stores purchased from the Indian Stores Department, London, the question of amalgamating it with the Indian Stores Department should be considered. |
| 30 | 1934-35 1935-36 | 18-P. 11-R. and 55-P. | That Government should examine the possibility of abolishing the Hastings Street Press, and that in any case the question of amalgamating the Hastings Street and Dharamtala Presses should be settled without further delay. |
| 31 | 1935-36 | 73-P. | That Government should examine the possibility of obtaining more revenue from the Ajmer-Merwara irrigation schemes through a reduction in the charges levied from the cultivators. |
| 32 | 1935-36 | 6-R. 69-P. 116-P. | That Government should submit a report next year on the question whether the staff employed in connection with capital works undertaken by the Central Public Works Department and with the purchase of stores is not unnecessarily large. |
| 33 | 1935-36 | 53-P. | That the question whether additional revenue could be obtained from advertisements in the <i>Indian Listener</i> should be further considered. |
| 34 | 1935-36 | 56-P. | That the index of publications issued from time to time by the Central Publications Branch should be supplied to Members of the Legislature. |
| 35 | 1935-36 | 66-P. | 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. |
| 36 | 1935-36 | 71-P. | That a report should be submitted regarding the adequacy of the present arrangements for the revenue and financial administration of Government lands and other properties in New Delhi. |
| 37 | 1935-36 | 89-P. | That the Committee should be informed of the nature and extent of the control which the Controller of Stationery and Printing would exercise over the Private Secretary's Press and the Presses for which the Political Department are responsible. |

mendations made by the Central Public Accounts Committee—contd.
Telegraphs, and Defence Services—contd.

Action taken or proposed to be taken.

The question is being considered.

Plans and estimates for the amalgamation of the Hastings Street Press with the Dharamtala Press were received by the Controller of Printing and Stationery from the Bengal Government, but further progress with the scheme was postponed pending a decision on the proposal to transfer the printing of the statistical publications of the Director-General, Commercial Intelligence and Statistics, from the Government of India Press, Calcutta, to the Government of India Press, New Delhi. The latter proposal has now been dropped, and the former scheme is under separate consideration, with special reference to the altered financial position.

It has been decided that a reduction in water charges is not feasible, as Government have been advised that the existing rates are reasonable and the demand at those rates is also at the maximum.

Reports have been submitted to the Committee, (Appendices XI and XI-A).

A certain number of non-radio advertisements are now included in A. I. R. journals and this has resulted in an increase of revenue from advertisements. Agents have also been appointed for the sale of the publications at the chief commercial centres.

The proposal has been accepted.

In the budget for 1938-39 the provision for Baluchistan and Ecclesiastical works has been transferred to the relevant Grants. The Government of India do not consider it desirable to make any further change for the present, since budgeting for civil works expenditure would become more difficult if the provision were distributed between a large number of different Grants.

A report has been submitted to the Committee, (Appendix IX).

It has been agreed that the Controller of Printing and Stationery will be consulted by the Private Secretary on all technical matters and on proposals regarding additions to machinery and staff. He will inspect the Private Secretary's Press twice a year, once in Delhi and once in Simla. The Controller exercises technical control over all the Presses for which the Political Department are responsible. He proposes to inspect the Residency Presses at Mysore and Hyderabad once a year.

Statement showing action taken or proposed to be taken on recom

PART I.—Civil, Posts and Tele

| Serial No. | Year of Report. | Paragraph of Report or Proceedings. | Recommendations or suggestions. |
|------------|--|--|--|
| | | | <i>Civil (Foreign and Political).</i> |
| 38 | 1929-30 1934-35 1935-36 | 114-P. .. 27-P. 78-P. | That the question of the incidence of Persian Gulf expenditure should be considered. |
| 39 | 1935-36 | 76-P. .. | That Government should examine the question whether the grants made to the Chiefs' Colleges are a legitimate charge on the revenues of the Central Government. |
| | | | <i>Civil (Commerce).</i> |
| 40 | 1935-36 | 12-R. .. 111-P. | That the financial position of the Vizagapatam Port should be thoroughly investigated without delay and that a comprehensive report on the subject should be submitted next year. |
| 41 | 1935-36 | 109-P. .. | 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 for the Lighthouses and Lightships. |
| | | | <i>Civil (Home).</i> |
| 42 | 1935-36 | 115-P. .. | That Government should consider the desirability of annexing to each of the Area Demands (such as those relating to Delhi and Ajmer-Merwara) a <i>pro forma</i> account showing the expenditure and receipts (of a provincial character) in the year in question. |
| | | | <i>Posts and Telegraphs.</i> |
| 43 | 1935-36 | 14-R. .. 94-P. | That the Accountant-General should examine the possibility of eliminating certain suspense accounts. |
| 44 | 1935-36 | 99-P. .. | That the authorities concerned should consider the possibility of showing the capital expenditure gross and recording the recoveries or credits separately or as receipts and that they should in any case try to devise means of presenting the Accounts and Demands relating to the Posts and Telegraphs Department in a simpler and more intelligible form. |
| | | | <i>Defence Services.</i> |
| 45 | 1930-31 1931-32 1932-33 1933-34 1934-35 1935-36 | 1-R. } 3-R. } 2-P. } 4-R. } 3-R. } 2-P. } 2-R. } 2-P. } | That the revision of the Army Regulations be completed as soon as possible. |
| | | Military Accounts and Committee. | |

mendations made by the Central Public Accounts Committee—contd.
graphs, and Defence Services—contd.

Action taken or proposed to be taken.

The question is being considered.

These grants were recently examined and were fixed on a revised scale for a limited period.
The question will be reconsidered at the end of that period.

A memorandum on the subject has been furnished to the Committee, (Appendix X).

The question is being considered.

An extract from a note recorded by the Accountant-General, Central Revenues, on the subject has been furnished, (Appendix XVI). In view of the difficulties explained by the Accountant-General the Auditor-General has recommended, and the Government of India have agreed, that the suggestion should not be pursued for the present.

The budget estimates for 1938-39 have been prepared in accordance with these recommendations. The consequential changes in the accounts are also being introduced with effect from that year.

A note has been submitted to the Committee, (Appendix XVII).

Statement showing action taken or proposed to be taken on recom

PART I.—Civil, Posts and

| Serial No. | Year of Report. | Paragraph of Report or Proceedings. | Recommendations or suggestions. |
|--------------------------------|-------------------------------|--|--|
| <i>Defence Services—contd.</i> | | | |
| 46 | 1932-33 1933-34 1935-36 | 33-P. } Military 11-P. } Accounts 3-P. } Committee. | That a further report be submitted next year regarding the scheme for the training of Public Works Department Accountants in work connected with the Military Engineer Services. |
| 47 | 1934-35 1935-36 | 18 } Military and } Accounts 19-P. } Committee. 18-P. } | That a further report be submitted next year regarding the overstocking of Royal Air Force stores. |
| 48 | 1934-35 1935-36 | 21-P. } Military } Accounts 5-P. } Committee. | That further information be supplied regarding the actual expenditure involved in the payment to military officers of compensation for inferior quarters and regarding the effects of the "zoning" system. |
| 49 | 1935-36 | 4-R. } Military } Accounts 24-P. } Committee. | That the actuals of past years under "Expenditure in England on the purchase and sale of stores, equipment and animals" should be carefully examined with a view to the possibility of a reduction in future budget estimates. |
| 50 | 1935-36 | 5-R. } Military } Accounts 12-P. } Committee. | That acquittal by a court of law should not necessarily be regarded as exempting a Government servant from suitable departmental action. |
| 51 | 1935-36 | 6-R. } Military } Accounts 28-P. } Committee. | That a further report be submitted next year regarding the measures taken to prevent a rush of expenditure in the month of March. |
| 52 | 1935-36 | 14-P. Military Accounts Committee. | That a further report be submitted next year regarding the disposal of surplus and obsolete stores. |
| 53 | 1935-36 | 37-P. Military Accounts Committee. | That a report be submitted next year regarding the adequacy of the methods of charging the War Office with the pay of officers serving with a lent unit. |

mendations made by the Central Public Accounts Committee—concl.
graphs, and Defence Services—concl.

Action taken or proposed to be taken.

A note has been submitted to the Committee. (Appendix, XVIII).

A note has been furnished, (Appendix XIX).

A memorandum has been submitted, (Appendix XX).

The recommendation has been brought to the notice of the estimating authorities, and every effort has been made to restrict the provision in the budget for 1938-39 to actual requirements.

The position is accepted by the Defence Authorities.

A report on the subject is contained in paragraph 130 of the Appropriation Accounts of the Defence Services for 1936-37.

A memorandum has been furnished, (Appendix XXII).

A note has been submitted, (Appendix XXIII).

APPENDIX II.

Statement comparing expenditure with grants for 1936-37.

| 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. |
| REPORT PREPARED BY THE ACCOUNTANT GENERAL, CENTRAL REVENUES—contd. | | | | |
| 16. Customs : | | | | |
| Voted . | 93,73,000 | 92,37,098 | 1,35,902 | |
| Non-voted . | 43,88,500 | 43,45,759 | 42,741 | |
| 17. Taxes on Income : | | | | |
| Voted . | 85,35,000 | 85,11,471 | 23,529 | |
| Non-voted . | 1,72,796 | 1,72,589 | 207 | |
| 18. Salt : | | | | |
| Voted . | 64,08,000 | 64,17,127 | .. | 9,12 |
| Non-voted . | 43,59,809 | 43,56,603 | 3,206 | .. |
| 19. Opium : | | | | |
| Voted . | 27,74,000 | 27,63,263 | 10,737 | |
| Non-voted . | 1,18,551 | 1,18,648 | .. | 97 |
| 19-A. Excise : | | | | |
| Voted . | 4,78,000 | 4,75,205 | 2,795 | .. |
| Non-voted . | 2,18,248 | 2,17,925 | 1,323 | .. |
| 20. Stamps : | | | | |
| Voted . | 17,39,000 | 16,98,745 | 40,255 | .. |
| Non-voted . | 49,040 | 49,240 | .. | 200 |
| 21. Forest : | | | | |
| Voted . | 5,33,000 | 5,24,626 | 8,374 | .. |
| Non-voted . | 1,77,300 | 1,76,082 | 1,218 | .. |
| 22. Irrigation, etc.—Charg- ed to Revenue : | | | | |
| Voted . | 4,07,000 | 12,03,486 | .. | 7,96,486 |
| Non-voted . | 2,90,600 | 7,97,526 | .. | 5,06,926 |
| 25. Interest on Ordinary Debt, etc. : | | | | |
| Voted . | 21,59,000 | 21,50,345 | 8,655 | |
| Non-voted . | -6,97,000 | -8,54,264 | 1,57,264 | |
| 26. Interest on Miscellaneous Obligations : | | | | |
| Voted . | 71,52,000 | 71,31,712 | 20,288 | .. |
| Non-voted . | 11,74,00,387 | 11,71,59,793 | 2,40,594 | .. |
| 27. Staff, Household and Allowances of the Govern- or General : | | | | |
| Voted . | 4,80,000 | 4,61,610 | 18,390 | .. |
| Non-voted . | 10,51,833 | 10,90,569 | .. | 38,736 |
| 28. Executive Council : | | | | |
| Voted . | 1,49,000 | 1,21,155 | 27,845 | .. |
| Non-voted . | 4,79,170 | 4,80,125 | .. | 955 |

| 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. |
| REPORT PREPARED BY THE ACCOUNTANT GENERAL, CENTRAL REVENUES—contd. | | | | |
| 29. Council of State : | | | | |
| Voted . | 1,43,000 | 1,40,753 | 2,247 | |
| Non-voted . | 3,700 | 3,240 | 460 | |
| 30. Legislative Assembly and Legislative Department : | | | | |
| Voted . | 8,68,000 | 8,26,859 | 41,141 | |
| Non-voted . | 71,910 | 67,595 | 4,315 | |
| 31. Foreign and Political Department : | | | | |
| Voted . | 9,77,900 | 9,69,780 | 8,120 | .. |
| Non-voted . | 3,93,500 | 3,93,816 | .. | 316 |
| 32. Home Department : | | | | |
| Voted . | 7,92,900 | 7,98,368 | .. | 5,468 |
| Non-voted . | 14,87,339 | 14,84,296 | 3,043 | .. |
| 33. Public Service Commission : | | | | |
| Voted . | 2,02,000 | 2,01,093 | 907 | |
| Non-voted . | 2,13,681 | 2,13,668 | 13 | |
| 34. Legislative Department : | | | | |
| Voted . | 3,33,000 | 3,31,116 | 1,884 | .. |
| Non-voted . | 1,87,900 | 1,87,500 | 400 | .. |
| 35. Department of Education, Health and Lands : | | | | |
| Voted . | 6,12,000 | 5,84,506 | 27,494 | .. |
| Non-voted . | 2,02,250 | 2,01,794 | 456 | .. |
| 36. Finance Department : | | | | |
| Voted . | 10,66,000 | 10,65,470 | 530 | |
| Non-voted . | 2,45,603 | 2,45,676 | .. | 73 |
| 38. Commerce Department : | | | | |
| Voted . | 4,13,000 | 4,12,272 | 728 | .. |
| Non-voted . | 1,33,678 | 1,33,372 | 306 | .. |
| 39. Defence Department : | | | | |
| Voted . | 4,25,000 | 3,95,400 | 29,600 | .. |
| Non-voted . | 87,754 | 88,207 | .. | 453 |
| 40. Department of Industries and Labour : | | | | |
| Voted . | 5,47,000 | 5,23,671 | 23,329 | .. |
| Non-voted . | 1,56,712 | 1,56,758 | .. | 46 |
| 41. Central Board of Revenue : | | | | |
| Voted . | 2,08,000 | 2,11,145 | .. | 3,145 |
| Non-voted . | 1,34,383 | 1,34,294 | 89 | .. |
| 42. Payments to Provincial Governments, etc. : | | | | |
| Voted . | 1,56,000 | 1,58,755 | .. | 2,755 |
| Non-voted . | 66,200 | 66,302 | .. | 102 |

| 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. |
| REPORT PREPARED BY THE ACCOUNTANT GENERAL, CENTRAL REVENUES—contd. | | | | |
| 43. Audit : | | | | |
| Voted . | 1,00,93,000 | 98,97,867 | 1,95,133 | |
| Non-voted . | 7,79,000 | 7,77,395 | 1,605 | |
| 44. Administration of Justice : | | | | |
| Voted . | 69,000 | 67,747 | 1,253 | .. |
| 45. Police : | | | | |
| Voted . | 1,81,000 | 1,83,737 | .. | 2,737 |
| Non-voted . | 77,400 | 74,246 | 3,154 | .. |
| 46. Ports and Pilotage : | | | | |
| Voted . | 14,66,000 | 14,70,229 | | 4,229 |
| Non-voted . | 8,78,230 | 8,80,811 | | 2,581 |
| 47. Lighthouses and Light- ships : | | | | |
| Voted . | 9,75,000 | 9,41,278 | 33,722 | .. |
| Non-voted . | 20,216 | 20,216 | .. | .. |
| 48. Survey of India : | | | | |
| Voted . | 21,24,000 | 19,59,456 | 1,64,544 | |
| Non-voted . | 5,50,800 | 5,45,809 | 4,991 | |
| 49. Meteorology : | | | | |
| Voted . | 20,06,000 | 19,40,989 | 65,011 | |
| Non-voted . | 85,300 | 84,900 | 400 | |
| 50. Geological Survey : | | | | |
| Voted . | 2,10,000 | 1,96,067 | 13,933 | |
| Non-voted . | 2,24,000 | 2,20,069 | 3,931 | |
| 51. Botanical Survey : | | | | |
| Voted . | 1,29,000 | 1,32,665 | .. | 3,645 |
| Non-voted . | 32,000 | 31,033 | 967 | .. |
| 52. Zoological Survey : | | | | |
| Voted . | 95,000 | 95,135 | | 135 |
| Non-voted . | 46,903 | 46,942 | | 39 |
| 53. Archaeology : | | | | |
| Voted . | 11,91,000 | 11,68,603 | 22,397 | |
| Non-voted . | 1,01,500 | 1,00,853 | 647 | |
| 54. Mines : | | | | |
| Voted . | 1,27,000 | 1,33,762 | .. | 6,762 |
| Non-voted . | 95,131 | 94,340 | 791 | .. |
| 55. Other Scientific Depart- ments : | | | | |
| Voted . | 2,56,000 | 2,55,750 | 250 | .. |
| 56. Education : | | | | |
| Voted . | 6,42,000 | 6,41,622 | 378 | .. |
| Non-voted . | 34,428 | 32,939 | 1,489 | .. |
| 57. Medical Services : | | | | |
| Voted . | 6,97,000 | 6,90,146 | 6,854 | .. |
| Non-voted . | 2,22,279 | 2,22,052 | .. | 773 |

| 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. |
| REPORT PREPARED BY THE ACCOUNTANT GENERAL, CENTRAL REVENUES—contd. | | | | |
| 58. Public Health : | | | | |
| Voted . | 7,64,000 | 7,16,548 | 47,452 | |
| Non-voted . | 1,92,441 | 1,90,788 | 1,653 | |
| 59. Agriculture : | | | | |
| Voted . | 30,43,000 | 20,20,037 | 10,22,963 | |
| Non-voted . | 59,809 | 59,703 | 106 | |
| 60. Imperial Council of Agricultural Research Department : | | | | |
| Voted . | 8,75,000 | 8,73,408 | 1,592 | |
| Non-voted . | 1,12,618 | 1,12,944 | .. | 326 |
| 60-A. Scheme for the Improvement of Agricultural Marketing in India : | | | | |
| Voted . | 4,60,000 | 4,45,457 | 14,543 | |
| 61. Civil Veterinary Services : | | | | |
| Voted . | 7,32,000 | 6,76,211 | 55,789 | .. |
| Non-voted . | 34,600 | 34,241 | 359 | .. |
| 62. Industries : | | | | |
| Voted . | 8,37,000 | 7,63,597 | 73,403 | |
| Non-voted . | 2,315 | 2,315 | .. | .. |
| 63. Aviation : | | | | |
| Voted . | 22,45,000 | 20,73,461 | 1,71,539 | |
| Non-voted . | 12,000 | 12,009 | .. | 9 |
| 63-B. Expenditure on the Development of Civil Aviation met from the Fund : | | | | |
| Voted | 1,000 | | 1,000 | .. |
| 64. Commercial Intelligence and Statistics : | | | | |
| Voted . | 5,38,000 | 5,03,541 | 34,459 | |
| Non-voted . | 67,100 | 65,508 | 1,592 | |
| 65. Census : | | | | |
| Voted . | 1,000 | 1,886 | .. | 886 |
| 66. Emigration—Internal : | | | | |
| Voted . | 15,000 | 14,473 | 527 | .. |
| Non-voted . | 2,400 | 2,477 | .. | 77 |
| 67. Emigration—External : | | | | |
| Voted . | 1,93,000 | 1,92,068 | 932 | .. |
| Non-voted . | 48,504 | 51,406 | .. | 2,902 |

| 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. |
| REPORT PREPARED BY THE ACCOUNTANT GENERAL, CENTRAL REVENUES—contd. | | | | |
| 68. Joint Stock Companies : | | | | |
| Voted | 1,29,000 | 1,27,499 | 1,501 | |
| Non-voted | 7,090 | 5,151 | 1,939 | |
| 69. Miscellaneous Depart- ments : | | | | |
| Voted | 12,75,000 | 12,62,104 | 12,896 | .. |
| Non-voted | 17,717 | 17,716 | 1 | .. |
| 69-B. Expenditure on the Development of Broad- casting met from the Fund : | | | | |
| Voted | 1,000 | | 1,000 | |
| 70. Indian Stores Depart- ment : | | | | |
| Voted | 20,55,000 | 20,38,003 | 16,997 | |
| Non-voted | 1,08,000 | 1,05,703 | 2,297 | |
| 71. Currency : | | | | |
| Voted | 18,42,000 | 17,88,127 | 53,873 | .. |
| Non-voted | 68,160 | 68,591 | .. | 431 |
| 72. Mint : | | | | |
| Voted | 18,81,000 | 17,82,019 | 98,981 | |
| Non-voted | 84,900 | 83,173 | 1,727 | |
| 73. Civil Works : | | | | |
| Voted | 2,39,95,000 | 2,34,94,629 | 5,00,371 | |
| Non-voted | 14,98,000 | 14,52,743 | 45,257 | |
| 74. Superannuation Allow- ances and Pensions : | | | | |
| Voted | 1,15,56,000 | 1,10,40,835 | 5,15,165 | .. |
| Non-voted | 1,77,94,060 | 1,76,78,809 | 1,15,251 | .. |
| 75. Stationery and Printing : | | | | |
| Voted | 37,55,000 | 37,97,311 | .. | 42,311 |
| Non-voted | 40,417 | 40,680 | .. | 263 |
| 76. Miscellaneous : | | | | |
| Voted | 8,15,000 | 8,12,114 | 2,886 | .. |
| Non-voted | 27,39,729 | 27,76,560 | 23,169 | .. |
| 76-A. Expenditure on Re- trenched personnel charged to Revenue : | | | | |
| Voted | 20,000 | 19,874 | 126 | 7 |
| Non-voted | .. | 7 | .. | .. |
| 76-B. Miscellaneous Adjust- ments between the Central and Provincial Governments : | | | | |
| Voted | 3,65,14,000 | 3,63,31,399 | .. | 24,17,39 |
| Non-voted | 1,01,43,376 | 1,01,43,376 | .. | .. |

| 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. |
| REPORT PREPARED BY THE ACCOUNTANT GENERAL, CENTRAL REVENUES— <i>contd.</i> | | | | |
| 77. Refunds | | | | |
| Voted . | 1,49,00,000 | 1,49,99,660 | .. | 99,660 |
| Non-voted . | 3,20,72,977 | 3,17,30,819 | 3,42,158 | .. |
| 79. Baluchistan : | | | | |
| Voted . | 66,31,000 | 56,08,284 | 10,22,716 | .. |
| Non-voted . | 43,96,200 | 43,47,699 | 48,501 | .. |
| 80. Delhi : | | | | |
| Voted . | 65,89,000 | 54,22,597 | 11,66,403 | .. |
| Non-voted . | 2,53,000 | 2,55,995 | 2,005 | .. |
| 81. Ajmer-Merwara : | | | | |
| Voted . | 16,22,000 | 16,22,027 | .. | 27 |
| Non-voted . | 1,05,115 | 1,03,773 | 1,342 | .. |
| 82. Andamans and Nicobar Islands : | | | | |
| Voted . | 26,76,000 | 27,04,986 | .. | 28,986 |
| Non-voted . | 2,05,725 | 2,06,616 | .. | 891 |
| 83. Rajputana : | | | | |
| Voted . | 4,12,000 | 4,11,978 | 22 | .. |
| Non-voted . | 6,65,210 | 6,68,251 | .. | 3,041 |
| 84. Central India : | | | | |
| Voted . | 3,29,000 | 3,15,529 | 13,471 | .. |
| Non-voted . | 6,01,041 | 5,97,427 | 3,614 | .. |
| 85. Hyderabad : | | | | |
| Voted . | 2,45,000 | 2,18,277 | 26,723 | .. |
| Non-voted . | 5,30,283 | 5,35,301 | .. | 5,518 |
| 85-A. Aden : | | | | |
| Voted . | 6,25,000 | 6,10,388 | 14,612 | .. |
| Non-voted . | 3,78,300 | 3,70,609 | 7,691 | .. |
| 86. Expenditure in England—Secretary of State for India : | | | | |
| Voted . | 21,33,000 | 20,80,064 | 72,936 | .. |
| Non-voted . | 17,33,000 | 17,08,551 | 24,449 | .. |
| 87. Expenditure in England—High Commissioner for India : | | | | |
| Voted . | 26,66,000 | 25,73,707 | 92,293 | .. |
| Non-voted . | 28,68,000 | 28,39,513 | 28,487 | .. |
| <i>Ecclesiastical :</i> | | | | |
| Non-voted . | 28,58,500 | 28,35,743 | 22,757 | .. |
| <i>Political :</i> | | | | |
| Non-voted . | 1,25,30,086 | 1,38,28,232 | .. | 12,98,146 |
| <i>Frontier Watch and Ward :</i> | | | | |
| Non-voted . | 1,95,28,002 | 1,94,35,082 | 92,920 | .. |
| <i>Territorial and Political Pensions :</i> | | | | |
| Non-voted . | 29,39,046 | 29,37,675 | 61,371 | .. |

| 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. |
| REPORT PREPARED BY THE ACCOUNTANT GENERAL, CENTRAL REVENUES—concl'd. | | | | |
| <i>Bangalore :</i> | | | | |
| Non-voted . | 13,40,960 | 13,38,132 | 2,828 | |
| <i>Western India States Agency :</i> | | | | |
| Non-voted . | 24,94,000 | 24,91,765 | 2,235 | |
| 88. Capital Outlay on Security Printing : | | | | |
| Voted . | 1,000 | —3,062 | 4,062 | |
| 89. Forest Capital Outlay : | | | | |
| Voted . | 1,000 | | 1,000 | |
| 90. Irrigation Works (Not charged to Revenue) : | | | | |
| Voted . | 1,000 | 1,15,801 | | 1,14,801 |
| 92-A. Capital Outlay on Schemes of Agricultural Improvement and Research : | | | | |
| Voted . | 10,14,000 | 10,13,354 | 646 | |
| 93. Currency Capital Outlay : | | | | |
| Voted . | 1,000 | —1,23,097 | 1,24,097 | |
| 94. Capital Outlay on Vizagapatam Harbour : | | | | |
| Voted . | 9,93,000 | 2,07,673 | 7,85,327 | |
| 95. Capital Outlay on Lighthouses and Lightships : | | | | |
| Voted . | 1,000 | | 1,000 | |
| 96. Commuted Value of Pensions : | | | | |
| Voted . | 31,93,000 | 30,16,575 | 1,76,425 | .. |
| Non-voted . | 18,89,000 | 14,03,422 | 4,85,578 | .. |
| 96-A. Expenditure on Retrenched personnel charged to Capital : | | | | |
| Voted . | 1,000 | —4,31,204 | 4,32,204 | |
| Non-voted . | —40,000 | —40,103 | 103 | |
| 97. Delhi Capital Outlay : | | | | |
| Voted . | 23,66,000 | 20,64,703 | 3,01,297 | .. |
| 98. Interest Free Advances : | | | | |
| Voted . | 79,85,000 | 81,66,656 | | 1,81,656 |
| 99. Loans and Advances bearing interest : | | | | |
| Voted . | 5,26,45,000 | 2,16,45,127 | 3,09,99,873 | .. |
| REPORT PREPARED BY THE ACCOUNTANT GENERAL, POSTS AND TELEGRAPHS— | | | | |
| 23. Indian Posts and Telegraphs Department : | | | | |
| Voted . | 10,91,01,000 | 10,68,65,681 | 22,35,319 | .. |
| Non-voted . | 94,56,000 | 94,72,396 | .. | 16,396 |
| 91. Capital outlay on Indian Posts and Telegraphs Deptt.— | | | | |
| (Not charged to revenue) : | | | | |
| Voted . | 48,77,000 | 46,50,781 | 2,26,219 | .. |
| Non-Voted . | 3,000 | 628 | 2,372 | .. |

| 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. |
| APPROPRIATION ACCOUNTS PREPARED BY THE CHIEF COMMISSIONER, RAILWAYS— | | | | |
| 1. Revenue—Railway Board : | | | | |
| Voted . | 8,80,000 | 8,95,213 | | 15,213. |
| Non-voted . | 4,88,000 | 4,87,903 | 97 | .. |
| 2. Revenue—Audit : | | | | |
| Voted . | 14,50,000 | 14,41,864 | 8,136 | .. |
| Non-voted . | 2,62,000 | 2,61,582 | 418 | .. |
| 3. Revenue—Miscellaneous Expenditure : | | | | |
| Voted . | 12,87,000 | 12,64,903 | 22,097 | .. |
| Non-voted . | 14,83,000 | 14,65,554 | 17,446 | .. |
| 4. Revenue—Refunds : | | | | |
| Voted . | 15,35,000 | 18,60,032 | | 3,25,032 |
| 5. Revenue—Payments to Indian States and Companies : | | | | |
| Voted . | 3,48,68,000 | 3,52,76,927 | | 4,08,927 |
| 6-A. Revenue—Working Expenses—Maintenance of Structural Works : | | | | |
| Voted . | 8,67,00,000 | 7,96,32,435 | 70,67,563 | .. |
| Non-voted . | 32,05,000 | 32,00,314 | 4,686 | .. |
| 6-B. Revenue—Working Expenses—Maintenance and Supply of Locomotive Power : | | | | |
| Voted . | 16,84,00,000 | 16,77,32,027 | 6,67,973 | .. |
| Non-voted . | 16,01,000 | 15,94,873 | 6,127 | .. |
| 6-C. Revenue—Working Expenses—Maintenance of Carriage and Wagon Stock : | | | | |
| Voted . | 6,19,00,000 | 5,79,78,702 | 39,21,298 | .. |
| Non-voted . | 8,26,000 | 8,35,007 | .. | 9,007 |
| 6-D. Revenue—Working Expenses—Maintenance of Ferry Steamers and Harbours : | | | | |
| Voted . | 28,75,000 | 28,80,164 | | 5,164 |
| Non-voted . | 28,000 | 27,411 | 589 | .. |
| 6-E. Revenue—Working Expenses—Expenses of Traffic Department : | | | | |
| Voted . | 10,87,25,000 | 10,83,53,774 | 3,71,226 | .. |
| Non-voted . | 17,79,000 | 17,66,181 | 12,819 | .. |
| 6-F. Revenue Working Expenses—Expenses of General Departments : | | | | |
| Voted . | 4,65,25,000 | 4,63,07,599 | 2,17,401 | .. |
| Non-voted . | 23,04,000 | 23,04,776 | .. | 776 |

| 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. |
| | Ra. | Ra. | Ra. | Ra. |
| APPROPRIATION ACCOUNTS PREPARED BY THE CHIEF COMMISSIONER, RAILWAYS— <i>contd.</i> | | | | |
| 6-G. Revenue—Working Ex- penses—Miscellaneous Ex- penses : | | | | |
| Voted . | 4,34,75,000 | 4,33,41,086 | 1,33,914 | .. |
| Non-voted . | 13,67,000 | 13,37,593 | 29,407 | .. |
| 6-H. Revenue—Working Ex- penses—Electric Service Department : | | | | |
| Voted . | 1,19,25,000 | 1,15,37,310 | 3,87,690 | .. |
| Non-voted . | 96,000 | 95,707 | 293 | .. |
| 7. Revenue—Appropriation to Depreciation Reserve Fund : | | | | |
| Voted . | 13,28,00,000 | 13,15,03,390 | 12,96,620 | .. |
| 8. Revenue—Interest Charges : | | | | |
| Voted . | 2,68,000 | 2,65,763 | 2,237 | .. |
| Non-voted . | 30,80,75,000 | 30,78,65,463 | 2,09,537 | .. |
| 9. Temporary withdrawals from Depreciation Reserve Fund : | | | | |
| Voted . | 3,44,44,000 | | 3,44,44,000 | .. |
| 11. Capital—New Construc- tion : | | | | |
| Voted | 23,60,000 | 15,420 | 23,44,580 | .. |
| Non-voted . | 4,000 | 3,996 | 4 | .. |
| 12. Open Line Works : | | | | |
| Voted . | 8,99,90,000 | 8,13,88,422 | 1,86,01,578 | .. |
| Non-voted . | 2,00,000 | 1,62,162 | 37,838 | .. |
| Discharge of Debentures : | | | | |
| Non-voted . | 1,16,85,000 | 1,16,84,430 | 570 | .. |

| 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. | |
| APPROPRIATION ACCOUNTS PREPARED BY THE FINANCIAL ADVISER, MILITARY FINANCE.* | | | | | |
| <i>Defence Services—Effective—India—Non-voted</i> | 35,76,60,000 | 35,90,50,000 | .. | 13,90,000 | |
| <i>Defence Services—Effective—England—Non-voted</i> | 6,25,42,000 | 6,23,35,000 | 2,07,000 | .. | |
| <i>Defence Services—Non-effective—India—Non-voted</i> | 3,65,52,000 | 3,63,36,000 | .. | 2,16,000 | |
| <i>Defence Services—Non-effective—England—Non-voted</i> | 4,63,83,000 | 4,63,27,000 | 56,000 | .. | |
| <i>Defence Reserve Fund—Non-voted</i> | 26,00,000 | 16,78,000 | 9,22,000 | .. | |
| Total .. | Voted . | 1,22,21,48,800 | 1,11,58,76,191(A) | 11,07,47,180 | 44,74,571 |
| | Non-voted . | 1,10,46,26,812 | 1,10,43,99,746(B) | 32,90,153 | 35,63,037 |
| Grand Total . | 2,32,67,75,612 | 2,22,07,75,937 | 11,40,37,333 | 80,37,658 | |

* The figures are gross.

(A) This amount is less than that given in Account No. 12 of the Finance and Revenue Accounts of the Government of India for the year 1936-37 by Re. 1 which is due to rounding.

(B) This amount is more than that given in Account No. 12 of the Finance and Revenue Accounts of the Government of India, for the year 1936-37 by Rs. 429 which is due to rounding.

APPENDIX III.

LETTER FROM THE AUDITOR GENERAL OF INDIA, TO THE SECRETARY TO THE GOVERNMENT OF INDIA, FINANCE DEPARTMENT, NO. 215-REF./74-37, DATED THE 31ST MAY 1938.

SUBJECT :—*Appropriation Accounts (Civil) 1936-37 and the Audit Report, 1938.*

With reference to paragraph 13 (2) of the Government of India (Commencement and Transitory Provision) 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 1936-37 and the Audit Report, 1938, 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 1936-37, 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. The only supplementary observation I have to make relates to paragraph 12 of the Important Comments under Frontier Watch and Ward, page 381 of the Appropriation Accounts and Report. The comment was drafted in this condensed form so that the volume should not be overloaded with the detail of these important and disquieting irregularities. I am preparing a supplementary memorandum which will supply instances of the irregularities in sufficient detail to enable the Public Accounts Committee to deal finally with this matter at their July session. The state of affairs disclosed by the comments on pages 367-8 and 380-1 is perhaps the most important individual matter brought to notice in this Report.

* * * * *

LETTER FROM THE AUDITOR GENERAL OF INDIA, TO THE FINANCE DEPARTMENT
GOVERNMENT OF INDIA, No. T. 167-REP./9-38, DATED THE 20TH MAY
1938.

SUBJECT :—*Appropriation Accounts (Posts and Telegraphs Department)
1936-37 and the Audit Report, 1938.*

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 1936-37 and the Audit Report, 1938, 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 OF INDIA, TO THE FINANCE DEPARTMENT
GOVERNMENT OF INDIA, No. T. 228-REP./8-38, DATED THE 28TH MAY
1938.

SUBJECT :—*Appropriation Accounts (Defence Services), 1936-37 and the Audit
Report, 1938.*

I have the honour to forward herewith for necessary action two copies of the Appropriation Accounts of the Defence Services for the year 1936-37 prepared by the Financial Adviser, Military Finance, together with two copies of the Audit Report, 1938, 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 1936-37, 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. I have no supplementary comments of my own to add.

LETTER FROM THE AUDITOR GENERAL OF INDIA, TO THE FINANCE DEPARTMENT, GOVERNMENT OF INDIA, No. T. 498-Rep./8-38, DATED THE 27TH JUNE 1938.

SUBJECT :—*Appropriation Accounts (Defence Services) 1936-37 and the Audit Report, 1938.*

In continuation of my letter No. T. 228-Rep./8-38, dated the 28th May 1938, 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 1936-37 and the Report thereon of the Director of Audit, Defence Services.

2. 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.**Note on the transfer of work connected with the Army from the Mathematical Instrument Office.**

The Public Accounts Committee at their meeting held on the 26th July 1937, recommended that Government should again examine the question whether the transfer of work connected with the Army which had led to so large a reduction in the receipts of the Mathematical Instrument Office of the Survey of India was in the interests of India as a whole. An inspection was made of the Mathematical Instrument office this spring and the exact extent of its functions along with the degree to which resort could usefully and economically be made of it by the Army authorities has been examined. It is intended, when some further information has been secured, to hold a Conference of the Departments concerned to determine the best course of action.

APPENDIX V.

OFFICE MEMORANDUM FROM THE DEPARTMENT OF EDUCATION, HEALTH AND LANDS, NO. F. 18-23/38-F., DATED SIMLA, THE 16TH MAY 1938.

SUBJECT :—*Mathematical Instrument Office—Question of allowing it to take work direct from public.*

At its meeting held on the 26th July, 1937, the Public Accounts Committee suggested that the Government of India should consider the question whether the Mathematical Instrument Office of the Survey of India should not be permitted to take work direct from the public even if that involved entering into competition to some extent with private firms.

2. The Government of India have carefully examined this question in consultation with the Surveyor General of India but have come to the conclusion that the departure suggested is neither practicable nor desirable. The Government of India presume that the suggestion did not contemplate the actual pursuit of public patronage in competition with the trade but rather the acceptance of individual requests which members of the public might make. The first course could not in the Government of India's view be seriously contemplated, as it would depart widely from ordinary practice and the position of the Mathematical Instrument Office as a Service Department. In regard to the second, such recourse by the public should be limited to the repair of instruments or apparatus which cannot be done elsewhere in India. It should, moreover, be undertaken only when the Office is not working to capacity on Government work. If such a restriction were not observed, the type of work which the public would be likely to offer to the Mathematical Instrument Office would be largely that which the instrument trade could already carry out efficiently, *e.g.*, the overhaul of binoculars, and the regular acceptance of such work by the Mathematical Instrument Office would lead again to the raising of the general question mentioned above.

3. It has been decided, therefore, that the present practice should continue, *i.e.*, the Mathematical Instrument Office will undertake certain special classes of work for private and local bodies at remunerative rates when the Office is not working to capacity on Government work.

APPENDIX VI.**Note on Map Sales.**

The Public Accounts Committee at their meeting held on the 26th July, 1937, asked whether any investigation had recently been undertaken with a view to improving the financial position of the Map Sales Department.

2. This has been under consideration for some time. This is a very large subject which has been considered from time to time in the past without, however, any system of sustained effort to promote sales having been hitherto evolved. It must be understood that efforts to create a market and increased sales will themselves involve some extra expenditure. It is the case, however, that a large potential market exists among the general public in India and the revenue derivable from sales in this market would probably result in a net gain to the Central Government.

3. In consultation with the Surveyor General, this matter has been closely gone into under the following heads:—

- (i) Advertisement.
- (ii) Personal contact.
- (iii) Reduction in the sale price of maps.
- (iv) Agencies.
- (v) Office re-organisation.

4. (i) *above*.—Systemetic advertisement is likely to start within the next few months. Experience in the past has shown that even sporadic newspaper advertisement for specific maps has always produced immediate results.

Other action under this head covers the preparation of brochures and folders, display by poster or otherwise in railway stations, restaurant cars, piers, cinema screens, etc.

(ii) *above*.—The experiment of a travelling salesman is under contemplation. The object of this post would be to create a knowledge of the existence of maps, of the kinds of maps, mountings, etc., available in the country. This officer could act also as an Inspector of local agencies.

(iii) *above*.—Reductions and concession rates for all maps sold to *bona fide* educational institutions have been brought into force recently.

(iv) *above*.—This matter is under consideration and the question of establishing a Sales Depot in Bombay will be studied on the spot next cold weather.

(v) *above*.—As the market expands, it will probably be necessary for the Map Record and Issue Office to give up retail issues and deal in bulk with branch depots. The question of suitable organisation is under close consideration.

APPENDIX VII.

Note on Photo-Litho Stocks.

The Public Accounts Committee at their meeting held on the 26th July, 1937, desired that the following questions be examined :—

- (a) The necessity for and the possible reduction in the 2½ years' reserve of stores maintained in the Photo-Litho Office.
- (b) The need for so many imported stores and whether more stores of Indian production could not be used.

2. These points were gone into with the Surveyor General and his officers at Calcutta with the following result.

(a) *above*.—The actual supply carried is not 2½ years, but really 1½ years. This is a consequence of the fact that the Survey of India indents, which are prepared as a whole, and have, therefore, to be made up after the field season is over, are generally despatched in August and the stores received between January and June, much the greater part being taken to stock lists in January, February and March, *i.e.*, at the time the lists are checked, a whole year's indent happens to be on the books. If the new stores were received in April and May, the balances would be less by a year's supply.

Steps are being taken as an experimental measure to base the demand for 1939-40 on the actual indents to be submitted during 1938-39; the indents bearing the instruction that the stores should arrive in India between May and July, 1939. The D. G., I. S. D., is being asked whether he has any objection to the change proposed.

3. *P. L. O. Equipment and spare parts*.—These have been examined and divided into the minimum numbers required—

- (i) for normal replacements;
- (ii) for emergency replacements when the source of supply is likely to be closed for considerable periods.

The P. L. O. must carry a supply of the first category. These spares, however, form a small proportion of the non-expendable stores. A large item is Zinc Plates. Here a change from the flat to rotary type of machines has necessitated a different size of plates and consequently a larger proportion of rotary plates than normal has to be indented for, while a large stock of flat plates remain in hand which will be gradually absorbed into use for the few remaining flat machines.

A further circumstance is that hitherto no account has been taken of the number of plates in actual use. This covers plates kept standing which contains the image of the map, diagram, etc. The audit review takes no account of such plates. If they are taken into consideration, the ratio of plates in store to plates in use is very small, only 11½%.

4. *Paper—situation*.—The stock situation about paper is worsened by the fact that the P. L. O. has had in stock for a good many years (without

turn-over) 78 reams of Japanese paper and 250 reams of linen backed paper, total value nearly Rs. 30,000. This paper was laid in for the Army who require a constant supply of large numbers of maps for mobilization stocks (for which they pay on delivery) and as a reserve for war. The linen-backed paper is obsolescent partly on account of the installation of a map mounting machine, which backs the maps with cloth after printing, and partly on account of the probable introduction of a new type of paper which does not require a cloth-backing. The use of this latter paper is under consideration by the Army but protracted trial is necessary and no decision can be taken in a hurry. In the meantime, the existing stocks of these papers must continue to be held. They are in good condition and if not required for military purposes, will be gradually disposed of in printing other classes of maps or by sale. The remaining stocks of papers are regularly turned over and cannot be considered at all excessive in view of the immense amount of paper required at the outset in war, and the impossibility of obtaining suitable map printing paper in India. One year's war supply of paper for field units alone is valued at between 1 and 2 lakhs of rupees, and at the same time the consumption in the Calcutta and Dehra Dun reproducing offices will rise much above the normal. In the 1914-18 war, our numerous indents were complied with from 9 to 14 months later than the normal. It is considered therefore that the present stocks are quite likely to be within the danger limit.

It may be pointed out that paper forms by far the largest item in the P. L. O. Store Account amounting as it does to 72 per cent. of the total (in 1935-36*).

5. (b) above. *Purchase in India.*—It is of the greatest interest to obtain as many as possible of the stores in India, instead of importing them, and thereby to avoid the risk of running short when the demand increases and the supply is cut off as in time of war. Endeavours have been made and will continue to be made to obtain the stores through the Indian Stores Department in India and by local purchase. Of recent years a number of chemicals have been obtained in India, which previously had to be imported. Local purchase is, however, of little value to India and uneconomical to Government if the articles purchased are imported by a trading firm and not manufactured in India. It has in any case been found difficult to induce importers to enter into contracts in advance and it is feared that they do not hold adequate stocks even for normal requirements still less for times of emergency. Very few (less than 9%) of the stores required in the Photo-Litho Office are actually manufactured in India.

* 70.5 % in 1936-37.

APPENDIX VIII.

Statement showing the staff employed in the Indian Pilgrimage Section of the British Legation, Jeddah.

| | | | | | |
|--------------------------|----|----|----|----|--------------|
| 1 Indian Vice-Consul | .. | .. | .. | .. | (Permanent). |
| 1 1st Pilgrimage clerk | .. | .. | .. | .. | „ |
| 1 2nd Pilgrimage clerk | .. | .. | .. | .. | „ |
| 2 Messengers | .. | .. | .. | .. | „ |
| 1 Sanitary orderly | .. | .. | .. | .. | „ |
| 1 Indian Medical Officer | .. | .. | .. | .. | „ |
| 2 Indian Dispensers | .. | .. | .. | .. | „ |
| 1 Indian Dispenser | .. | .. | .. | .. | (Temporary). |
| 1 Dresser | .. | .. | .. | .. | (Permanent). |
| 1 Sweeper | .. | .. | .. | .. | „ |

Besides the above establishments, annual sanctions have been accorded to the entertainment of the following temporary medical establishments in connection with the Haj Pilgrimage work for some years in the past and the sanction has been repeated for the Haj Pilgrimage of 1937-38 also :—

| | | | | | |
|----------------------------------|----|----|----|----|--|
| 1 Doctor (Sub-Assistant Surgeon) | .. | .. | .. | .. | For 5 months. |
| 1 Compounder | .. | .. | .. | .. | Do. |
| 1 Servant for work at Jeddah | .. | .. | .. | .. | For 6 months. |
| 2 Servants for Mecca and Jeddah | .. | .. | .. | .. | One for 5 months and the other for 22 weeks. |
| 1 Sweeper | .. | .. | .. | .. | For 12 months. |

In addition to the staff referred to above, there is a standing sanction of £186 per annum on account of temporary staff which may be engaged annually by the Minister locally in connection with the Haj Pilgrimage Season.

APPENDIX IX.

Report on the Revenue and financial Administration of Government lands and Buildings in New Delhi, under the administrative control of the Chief Commissioner, Delhi.

The Control of Government lands, buildings and other property in New Delhi under the Delhi Administration vests in the following :—

- (i) The Provincial Circle of the Central Public Works Department under the control of the Superintending Engineer, Delhi Province.
- (ii) The Land and Development Office, also under the control of the Superintending Engineer, Delhi Province.

The lands and properties administered by the Provincial Circle are governed by the procedure prescribed in the Public Works Department and Public Works Account Codes and no revision of existing arrangements seem necessary. No special staff is engaged for the realization of revenue. The work is carried out by the clerical staff in the Accounts Branch of the Divisional Offices under proper executive control.

2. The properties under the control of the Land and Development Office are not however subject to the system prescribed for the Public Works Department. The bulk of the revenue is derived from sales of leases and from the connected ground rent. The other items of revenue are (i) premium on temporary leases; (ii) sale of rights to cut grass or of grazing rights in unoccupied areas; (iii) sale of surplus trees, bushes, etc.; (iv) royalty on stone and red Bajri in Government quarries; and (v) cost of plans sold to private persons and bodies showing the standard designs of buildings.

3. The entire property under the control of the Land and Development Office is shown on maps maintained for the purpose which distinctly indicate the lands leased, sold or unoccupied. When any plots of lands are to be sold or leased, auctions are held under the supervision of the Land and Development Officer. Auction lists are prepared in duplicate on the spot and signed by the Land and Development Officer. One copy of the auction lists is submitted for the approval of the Chief Commissioner. On auctions being approved the names of the accepted lessees are brought on to personal ledgers, one folio being allotted to each lessee. The premium is recovered in one lump sum, in advance, in which is adjusted the amount representing a fixed percentage of the premium received at the time of auction from the successful bidders. The lease or agreement to lease is executed after the premium has been received in full. The realizations are credited into the Imperial Bank on chalang in triplicate. The original part of the chalan is sent by the Bank to the Land and Development Officer, who posts the receipts in the register, personal ledgers as also in the statement showing assessments and recoveries. Subsequent realizations are watched through them and there is no likelihood of the recovery of Government dues being lost sight of. Bills are issued half yearly in July and January each year when the ledgers maintained are reviewed by

the officials concerned. Ground rent for broken periods between the date of commencement of a lease and the 15th January or 15th July next whichever falls first is recovered in a lump sum in advance. As soon as the accounts of a month have been compiled in the Office of the Accountant General, Central Revenues, he sends an intimation of the recoveries as booked by him in a prescribed form. The figures as intimated by the Accountant General, Central Revenues, are verified with the help of the original copies of chalans, statement of assessments and recoveries, the personal ledger, and the Register of Miscellaneous Receipts.

4. Permanent transfers of land or property to other than private bodies are made with the sanction of the Government of India and the full cost thereof, if recoverable, is recovered in one instalment. The maps maintained are completed to show that the property has been transferred.

5. In the case of revenue from temporary leases, sale of grass and grazing dues, etc., the recoveries are always made in advance.

6. The Public Works Department Divisional Offices as well as the Land and Development Office are subject to inspection by the Audit Staff of the Accountant General, Central Revenues.

7. Recoveries from contractors on account of the supply of stone and Bajri are made in advance at a fixed rate, 0-8-0 per 100 cubic feet. A permit is then issued to the contractor and it is the duty of a whole time Quarry Surveyor to see that the contractor does not remove any material in excess of the quantity specified in the pass. The space to be quarried is marked for each contractor and the possibility of an excess quantity being removed does not ordinarily arise. This is further controlled by making the passes valid for specific periods as well as for a specified number of workmen.

8. In regard to the income derived from the sale of plans, an account of the cost of plans sold is maintained in a register in the form which has been accepted in audit. The amounts actually realized on this account as also on the other items of revenue mentioned above are noted in a Register of Miscellaneous Receipts.

9. A list of arrears is forwarded whenever necessary to the Collector, Delhi, for necessary action under the Punjab Land Revenue Act, and a writ of demand is generally issued. The cases of those who fail to pay even on the issue of such writs of demand are referred to the Chief Commissioner for orders.

10. In the case of the Land and Development Office, as in the Provincial Circle, Central Public Works Department, no special staff is engaged for the realization of revenue. The work is carried out by the clerical staff under the supervision of the Land and Development Officer. The checks described above enable an adequate watch to be kept on all recoveries and the existing arrangements seem satisfactory.

11. A building inspector and a number of surveyors are employed to report encroachments and to see that buildings are constructed in accordance with the conditions of lease agreements. Deviations from the conditions of lease

agreements are occasionally permitted in cases in which they are considered unobjectionable. Additional recoveries from the lessees are now made on a certain scale in such cases, and the question of settling a definite policy in this matter is under consideration with the Government of India. The Superintendent of the Land and Development Office is responsible for checking encroachments connected with religious buildings other than those in the charge of the Archaeological Department.

Report on the Revenue and financial administration of residential and non-residential Government buildings in New Delhi in charge of the Central Public Works Department.

Rent for residential buildings allotted to Government servants is assessed and recovered in accordance with Fundamental Rule 45-A, while the rent for residences allotted to non-officials or for non-residential buildings allotted to commercial departments is assessed on the basis of Fundamental Rule 45-B.

2. The rules for allotment of Government residences to officials are embodied in the Supplementary Rules. Allotment to a non-official of any vacant residence is ordinarily made only if a Government servant is willing to stand surety for him.

3. The Rent Office, Central Public Works Department, New Delhi, is responsible for the assessment and recovery of rent of all residential and non-residential buildings in New Delhi and Delhi the allotment of which is made by the Estate Officer, while the Divisional Officers in charge of the buildings are responsible for the direct recovery of—

- (i) the cost of articles of furniture and fittings found short or damaged, if payable by tenants ;
- (ii) the amount recoverable from H. E. the Commander-in-Chief for electric and water charges.

4. The immediate charge of the Rent Office vests in an officer of the Chief Engineer's staff designated "The Rent Officer". This officer is treated as a Divisional Officer within the meaning of paragraph 30 of the Public Works Account Code. He is responsible to the Chief Engineer for the general supervision of the office, and for assisting him in framing proper instructions defining generally the responsibilities of the various members of the staff of the office, the general procedure to be followed in carrying out the work promptly and economically, the various checks to be employed to ensure the accuracy of the work. The Rent Officer is assisted in the discharge of his duties by a Divisional Accountant, who is under the administrative control of the Accountant General, Central Revenues, and is borne on the cadre of Divisional Accountants of the latter's office. The Accountant's duties and responsibilities are as defined in paragraphs 98 to 103 of the Public Works Account Code, and in the instructions prescribed by the Chief Engineer.

5. The Rent Officer maintains a register of all permanent residential and non-residential buildings whether constructed, acquired or taken on lease by the Central Public Works Department and this register is checked once a year by the Divisional Officers, who are directly in the charge of the buildings. The Estate Officer maintains a register to show the buildings allotted by him. The entries in the allotment register are compared annually by the Estate Office with the relevant entries in the register of buildings to ensure that all available buildings have been actually let out.

6. The Rent Officer also maintains a rent card for each residence and for every tenant in accordance with the allotments made by the Estate Officer. These rent cards are compared periodically with the register of allotments referred to in paragraph 5 above to verify that rent cards for all the allotted buildings have been opened and assessments of rent are being made.

7. All transactions are subjected to concurrent and central audit by the Accountant General, Central Revenues.

The Government of India are satisfied that the existing arrangements for the revenue and financial administration of the residential and non-residential buildings in the charge of the Central Public Works Department are adequate and satisfactory.

APPENDIX X.

Memorandum on Vizagapatam Port.

The Public Accounts Committee in paragraph 12 of their Report on the Accounts for the year 1935-36 asked that the financial condition of the Vizagapatam Port should be thoroughly investigated and a full report should be submitted to them. In compliance with that request, the Administrative Officer, Vizagapatam Harbour, was asked to submit to the Government of India a complete review of the trading and financial prospects of the Port and the review formed the subject of a discussion at a Conference between the Port Authorities and the Departments concerned. The review, a copy of which is appended hereto, was prepared by Mr. E. G. Lilley, Deputy Administrative Officer and Traffic Manager of the Port.

2. The justification for choosing Vizagapatam for development as a major port may first be briefly explained. For some years the need for a really good port on the east coast of India between Madras and Calcutta, a distance of approximately 900 miles, had been felt. Vizagapatam which lies half way between Calcutta and Madras naturally, therefore, attracted attention and it was realised that by developing it into a really good port and providing it with adequate railway facilities not only would the trade of the Central Provinces be stimulated by the provision of a shorter lead to and from the sea but a large hinterland then lying more or less untapped would be opened up, and manganese ore from Central India would be able to compete favourably in foreign markets. The question was carefully investigated, and after consultation with the Government of Madras, it was decided that Vizagapatam should be developed into a first class port with a suitable harbour and adequate docking facilities, and that in conjunction with this development the Raipur Parbatipur Section of the Bengal Nagpur Railway should be built in order to afford the port easy access to large areas which it was intended to serve.

3. It was estimated that the capital cost of the construction of the Harbour and the provision of port facilities therein would be Rs. 2,41 lakhs and that allowing for the interest accruing during the period of construction, the Harbour would be constructed and opened to traffic at a cost of Rs. 3,15 lakhs. It was also anticipated that the port, when opened to ocean-going traffic, would earn about Rs. 19.19 lakhs which, after deducting sinking fund charges, would give a net return of about Rs. 15.29 lakhs or nearly 5% of the total capital cost. The original estimate was, however, considerably exceeded as many unforeseen difficulties were encountered during the period of construction. A breakdown in the dredging plant also delayed progress with the result that the total expenditure including accumulated interest, incurred on the construction of the Harbour amounted to Rs. 3,79.59 lakhs, and instead of being opened to traffic in 1930-31, as expected, the port was actually opened late in 1933. The opening of the port thus coincided with a period of acute trade depression and the actual

receipts realised during the first few years of its working were considerably less than the original estimates, as will be seen from the following figures :—

| Year. | | | | | Estimated gross | Actual gross |
|---------|----|----|----|-----|----------------------|--------------|
| | | | | | receipts. | receipts. |
| | | | | Rs. | Rs. | Rs. |
| 1930-31 | .. | .. | .. | .. | 19,19,000 | .. |
| 1931-32 | .. | .. | .. | .. | gradually increasing | .. |
| 1932-33 | .. | .. | .. | .. | as the trade of the | .. |
| 1933-34 | .. | .. | .. | .. | port improved. | .. |
| 1934-35 | .. | .. | .. | .. | | 8,23,353 |
| 1935-36 | .. | .. | .. | .. | | 11,25,311 |
| 1936-37 | .. | .. | .. | .. | | 10,81,568 |
| 1937-38 | .. | .. | .. | .. | | 15,31,758 |

It should be mentioned that the Railway Project is now paying 7 to 8 per cent. interest on a capital expenditure of Rs. 4,92 lakhs, and its net earnings, including traffic brought to the main line, in 1936-37 were about Rs. 35 lakhs.

4. The annual financial results of the port since its opening are shown in the following table. The figures in this paragraph do not include interest charges or any provision for repayment of capital. It will be observed that it has shown a small surplus for the first time in 1937-38.

| Year. | Receipts. | | Expenditure. | Deficit (—) Surplus (+). | Grant-in-aid by Government. |
|---------|-----------|-----------|--------------|-----------------------------|-----------------------------------|
| | Rs. | Rs. | | | |
| 1934-35 | 8,23,353 | 12,94,092 | —4,70,739 | 2,00,000 | |
| 1935-36 | 11,25,311 | 13,80,074 | —2,54,763 | 50,000 | |
| 1936-37 | 10,81,568 | 14,83,083 | —4,01,515 | 2,50,000 | |
| 1937-38 | 15,31,759 | 15,00,088 | +31,671 | Nil | |

Mr. Lilley had estimated that the results in the next three years would be as follows :—

| Year. | Receipts. | | Expenditure. | Deficit (—) Surplus (+). | Grant-in-aid needed. |
|---------|-----------|-----------|--------------|-----------------------------|-------------------------|
| | Rs. | Rs. | | | |
| 1938-39 | 14,64,000 | 15,66,000 | —1,02,000 | 1,02,000 | |
| 1939-40 | 15,38,000 | 15,96,000 | —58,000 | 58,000 | |
| 1940-41 | 16,09,000 | 16,08,000 | +1,000 | Nil | |

With reference to this forecast and the preceding table of actual results, it may be explained that it was originally estimated for the year 1937-38 that there would be a deficit of Rs. 3,86,000 and that even in the revised estimate for that year a deficit of Rs. 1,62,000 was still expected. Mr. Lilley's estimate was based on this last assumption. The fact that the year ended with a small surplus and that receipts were more and expenditure less than anticipated in the revised budget, affords reason for believing that the forecast for the next 3 years has been framed on a conservative basis. It is not possible to forecast the future position with absolute accuracy on the basis of the figures of past years, or even on the results of 1937-38, as the expenditure was inflated owing to some of the staff being on high temporary rates of pay, which have been and are being reduced as permanent posts are being created to replace temporary ones. Moreover, receipts had not reached any point of stability. It may also be noted that certain new items of trade have offered in recent months. In fact,

shipments of salt to the port of Vizagapatam have already commenced, and the port may in future be used as a bunkering port by ocean-going vessels belonging to the Brocklebank, Hansa and Scindia Lines. There is, therefore, reason to hope that the port will increasingly attract fresh trade which will enable its revenue to expand steadily and the Government of India believe that on the present basis of accounting and with reasonably good general economic conditions, the port can show an increasing surplus on its ordinary working.

5. It is necessary, however, to draw attention to two factors which may result in the position improving at a rather slower rate than the considerations advanced in the previous paragraph would suggest. The first is that it is not clear whether full provision is at present being made to meet essential depreciation charges. The matter is under consideration in consultation with the Administrative Officer who is of opinion that, on the basis of the procedure followed at other major ports, full depreciation is being provided. It is possible, however, that a somewhat larger contribution may have to be made to the Depreciation Fund. The amount involved is not, however, likely to be so large as to alter materially the conclusion that the port should continue to show a surplus on its ordinary working.

6. The second of the factors referred to above is that as a result of the Conference between the port authorities and the Departments of Government concerned it has been decided that expenditure on three new works should be charged to revenue instead of to capital. These three works are (i) the provision of additional bunkering facilities at a cost of Rs. 82,000, (ii) the extension of the existing water supply scheme at a cost of Rs. 50,000 and (iii) the removal of the rock spit on the south side of the Entrance Channel at a cost of Rs. 54,000. It is considered that by the adoption of this procedure the port authorities will have the utmost inducement to increase their revenue and reduce their expenditure so as to be able to continue to show a surplus on the ordinary working of the port. It is possible, however, that on account of this debit the revenue fund of the port may show a deficit at the end of the year, but this deficit, if it materialises, should not be regarded as a proof of loss on its ordinary working unless the amount of the deficit is greater than the cost of these three works. Should the deficit materialise, the Government of India are prepared to make a grant-in-aid under the head "30—Ports and Pilotage" to meet it, but this grant-in-aid will not be regarded as part of the capital outlay of the port and the port funds will be required to repay it in future years, without interest, from revenue. It is hoped in this way to avoid any increase of the capital outlay on the port and to keep down to a minimum the burden of interest, which the port will eventually have to face.

7. It may be mentioned here that at the Conference referred to it was also decided that no further capital expenditure should be incurred on the port unless it can be shown either to be definitely remunerative or to be absolutely essential for the interests of the port. Expenditure on the following items which were originally included in the capital programme has accordingly been indefinitely postponed :—

| | | | Rs. |
|--|----|----|-----------|
| (a) Construction of a main office building | .. | .. | 1,45,000 |
| (b) Construction of staff quarters | .. | .. | 1,80,000 |
| (c) Provision of an additional dredger | .. | .. | 15,00,000 |

This decision has enabled a sum of Rs. 2,82,000 to be surrendered to the Finance Department from Demand No. 76—Capital Outlay on Vizagapatam Harbour for the year 1938-39 thereby reducing it from Rs. 3,86,000 to Rs. 1,04,000.

8. From the foregoing review of the financial position of the port, it would be unwise at the present moment, when there is every prospect of the port being able to meet its ordinary working expenses and depreciation charges, even though no repayment of interest or capital can be made, to consider the question of closing it down and thereby wasting the capital invested in it. Moreover, the combined Railway and Harbour Scheme has led to economic readjustments in the port's hinterland, to the undertaking of commitments by various commercial and industrial firms and to increased facilities for business generally which must be reflected in the profits of business concerns and consequently in the general welfare of the people. The fact that during the year 1937-38, 6,91,509 tons of export cargo and 32,669 tons of import cargo were handled at the port illustrates the importance which the port has come to assume in the economic life of the Eastern and Central parts of the country. It is evident that the closing of the port would have very much wider repercussions than may appear at first sight. The question cannot be considered merely from the point of view of showing a saving in the particular heads of the budgets, concerned. The closing of the port would result not only in loss of revenue to the railways and loss of general revenue to Government but would be a retrograde step in the development of India's economic activities.

9. In conclusion, it may be observed that the suggestion at the last meeting of the Public Accounts Committee, that it might be desirable to consider the possibility of handing the port over to the Railway to work purely as a railway port was examined at the Conference already referred to, but in view of the decision that there was a prospect of the port being able in the near future to cover more than its ordinary working expenditure, the suggestion was not further pursued. If experience of the next two or three years shows that the Port is not in a position to meet its expenditure, much less to pay any interest on the capital invested and can only continue to function with grants-in-aid from Government, the question of the Railway Department taking the port over will have to be considered more fully. The question of comparative Railway rates from stations in the Central Provinces to Vizagapatam and Calcutta referred to in paragraphs 11 and 12 of Mr. Lilley's memorandum was also discussed in the Conference held last year and action where necessary will be initiated by the Administrative authorities of the Port for the removal of any anomalies that may exist by representations to the authorities of the Railway concerned. The Central Government are of opinion that, having regard to the considerations set forth in the previous paragraphs, neither the question of closing the port nor that of handing it over to the Bengal Nagpur Railway should be pursued for the present.

APPENDIX XI.

Report on the staff employed in the Central Public Works Department.

In paragraph 6 of their Report on the accounts of 1935-36, the Public Accounts Committee expressed the desire that Government should investigate whether the staff employed in the Central Public Works Department was not unnecessarily large and submit a report to them on the subject. The reason why the Committee felt that the Department might be overstaffed was because there had been savings during 1935-36 amounting in all to about 30% of the original budget estimates for works.

2. It may be explained in this connection that the temporary staff to be employed in any particular year is fixed on the basis of the amount which the Public Works Department is expected to spend during the year and not on the total amount budgeted for works, which in several instances includes the cost of immature projects put into the budget without consulting the Public Works Department authorities beforehand as to whether the amounts provided can actually be spent or not. It follows that any savings which accrue as a consequence of the inclusion of immature schemes in the budget cannot be taken into account for the purpose of effecting a reduction in the temporary staff to be employed. It is not also possible to effect reductions in the staff in exact proportion to any reduction in expenditure. Steps are, however, taken as explained below to adjust the staff according to actual requirements on the basis of anticipated expenditure. Sanction to the employment of temporary establishment is accorded from year to year after a careful scrutiny in the Labour and Finance Departments of the necessity for the staff proposed to be employed. Arrangements have been made to secure closer budgeting by the inclusion of a secondary list of works in the budget, as recommended by the Committee last year, to which savings, if any, from the primary list can be diverted. Instructions have also been issued that Departments should ascertain beforehand from the Department of Labour what expenditure can be incurred on a work during the ensuing financial year before provision is made for it in the budget. It is hoped that these arrangements will secure closer conformity in future between the basis for estimating the staff required and the total amount actually included in the budget for civil works.

3. The superior staff in the Central Public Works Department comprise one Chief Engineer, 4 Superintending Engineers (2 permanent and 2 temporary) and 16 Divisional Officers (9 permanent and 7 temporary) (excluding the post of Engineer Officer in the Civil Aviation Directorate) distributed as shown in the Appendix. In fixing the permanent strength of the Department in 1930 at 1 Chief Engineer, 2 Superintending Engineers and 6 Divisional Officers (Executive Engineers), no allowance was made for construction works of any magnitude. The intention was to maintain what might be described as a permanent skeleton staff for minor works and repairs and

for a modest programme of new construction work. For construction works of special magnitude whether in Delhi or elsewhere, it was contemplated that special temporary staff should be employed in accordance with the actual needs. Of the six permanent divisions, 4 were intended for Delhi and Central Works in the Punjab, 1 for Simla and 1 for Dehra Dun and Central Works in the United Provinces. In 1933, two posts of Superintending Engineer in Rajputana and Central India were abolished on the transfer of the control of Public Works in these areas to the Central Public Works Department, and two permanent Divisional posts were added to the cadre of the Central Public Works Department to cope with the normal additional work transferred to the Department. Two more divisional posts were added subsequently on the transfer of the Public Works Department establishment employed on the Viceregal Estates to the Central Public Works Department and the creation in 1935 of the post of Engineer Officer in the Civil Aviation Directorate to advise the Director of Civil Aviation on technical engineering problems connected with the development of Civil Aviation. The number of permanent administrative posts, however, remains the same as before, and there has been no increase in the permanent Divisional staff in Delhi although the number of Government quarters excluding menials' quarters maintained by the Central Public Works Department has increased from 2,320 in 1929 to 4,179 in 1938.

The four permanent Delhi Divisions have been each spending on an average Rs. 9·1 lakhs per year during the last four years as against an anticipated annual expenditure of Rs. 8 lakhs per Division when they were first constituted. The annual works outlay in each of the remaining four outlying Divisions has practically remained constant at between Rs. 5 to 6 lakhs per Division and, owing to special local features and their geographical situation, it would be administratively impossible to amalgamate any of them in any other Divisional charge.

4. In addition to the Superior engineering establishment referred to in the previous paragraph, there are the following permanent superior specialist posts in the Department :—

- (a) 1 Consulting Architect,
- (b) 1 Architect,
- (c) 1 Electrical Engineer,
- (d) 1 Superintendent, Horticultural Operations.

(a) and (b). Government have a special interest in the proper lay-out of New and old Delhi and the development of these cities on sound architectural lines. The duties of the Architects, therefore, include besides the preparation of designs for buildings to be constructed by Government, the scrutiny of plans of private buildings constructed in New Delhi from an architectural point of view and the giving of advice where necessary to the Delhi Improvement Trust regarding the suitability of lay-outs and designs of new buildings.

(c) One post of Electrical Engineer on an Executive Engineer's scale of pay for the whole Department cannot be considered an extravagance in view of the large number of offices and residential buildings of which the electrical installations have to be looked after.

(d) That Government of India are satisfied that the Superintendent, Horticultural Operations, is fully engaged in the maintenance of the gardens attached to the numerous Government buildings, lawns and parks in Delhi and New Delhi.

5. The Government of India have considered afresh the necessity for the permanent staff referred to above and have come to the conclusion that it is not excessive. It is not possible, in their view, to make adjustments in the permanent staff unless it is clear that the programme of works ahead is likely over a series of years to fall below the limit for which it was designed.

6. For construction works of special magnitude, a special temporary Construction Circle with 2 Divisions was in existence till the 1st April 1937. The actual expenditure on construction works during 1936-37 amounted to Rs. 26.44 lakhs. In view of the reduction in the construction programme during 1937-38, it was found possible to abolish this temporary Circle with effect from the 1st April 1937 and to retain in its place only one temporary construction division in Delhi which carried out construction works costing Rs. 5.57 lakhs during 1937-38. The Division had to undertake in addition the preparation of preliminary plans and estimates for certain large schemes. It will undertake during the current financial year works costing Rs. 12.4 lakhs, viz., the Reserve Bank Building at Lahore, the extension of the South Block, Delhi Secretariat, additional residential accommodation and Press quarters in New Delhi, etc. The cost of maintaining this temporary Division during 1937-38 was Rs. 63,047 against Rs. 4.22 lakhs the cost of the Construction Circle during 1936-37 inclusive of *pro rata* direction charges.

7. For reasons of administrative convenience it was decided to create with effect from the 1st April 1937 a Circle for the Delhi Province to deal with all engineering projects which come within the administrative control of the Chief Commissioner, Delhi. This Circle comprising two permanent Divisions, viz., the Provincial and Services Division and two temporary Divisions although manned by staff from the Central Public Works Department is under the direct administrative control of the Chief Commissioner. The two temporary Divisions of the Delhi Provincial Circle are required for undertaking the large volume of work on behalf of the newly created Delhi Improvement Trust including anti-malarial and city extension work and also sewage disposal schemes at a total estimated cost of Rs. 24.19 lakhs during the current financial year. The total outlay on works executed by the Delhi Provincial Circle during 1937-38 was Rs. 46.2 lakhs. It may be explained here that, but for the reduction in the programme of major building works and the consequent abolition of the Construction Circle, it would have been necessary to appoint extra temporary staff for the Delhi Provincial Circle. The reduction in the total outlay on building works has thus been off-set by the addi-

tional outlay on new schemes connected with the Improvement Trust, City extension, anti-malarial work and sewage disposal.

8. The remaining superior temporary staff in the Central Public Works Department consists of 1 Superintending Engineer and 4 Divisional Officers with headquarters at Delhi, Bombay, Calcutta and Karachi for carrying out the Civil Aviation Capital Works programme. In 1935, it was decided to create a special fund of Rs. 92.57 lakhs for carrying out an extensive programme of Civil Aviation Capital Works all over India and Burma. It was felt that it would be a great advantage if the works portion of the programme amounting to about Rs. 57.2 lakhs were to be entrusted to the agency of the Central Public Works Department which could remain in close and constant touch with the Civil Aviation Directorate. Under this arrangement, the payment of heavy departmental charges to provincial Governments could be avoided and much of the delay and difficulty attendant upon the entrustment of works to provincial agency obviated. In view of the scattered nature of the works it was not feasible to reduce the number of Divisions below 5 or to include any of the five additional divisions (including one for Burma) in any of the three existing circles of Superintendence and it was accordingly decided to create a temporary circle under a Superintending Engineer who could work in close co-operation with the Civil Aviation Directorate. This Circle came into existence on the 14th February 1935. It was originally anticipated that the Capital Works Programme could be finished in $2\frac{1}{2}$ years. The preparation of the various projects took some considerable time. There were also unforeseen difficulties at the start which delayed progress. These difficulties have now been overcome and work is progressing satisfactorily. The budget provision for 1938-39 under this head is Rs. 22.71 lakhs which is the balance available out of the amount originally funded for the purpose. It is expected that the entire programme will be worked out and practically completed during the course of the present year. The Aviation Divisions, in addition to doing their regular work, undertake such other work as can be found for them in the vicinity although it is true that they can undertake more. The Bombay and Calcutta Divisions are expected however to carry out during the course of this year other major works costing more than Rs. 6 lakhs while the Karachi Division is taking in hand works in Jiwri on behalf of Imperial Airways at an estimated cost of Rs. $4\frac{1}{2}$ lakhs; the departmental charges realisable, viz., Rs. 78,000 would be sufficient to keep the whole division going for a year. The works in Jiwri are expected to be completed in about 9 months' time. While it will probably not be possible to reduce the number of Divisions owing to the scattered nature of the works and their urgency, the question of reducing establishment in the divisions where works are nearing completion is under consideration and certain temporary staff has already been reduced. Other possibilities of making use of these temporary divisions by taking over as many works as possible from provincial agencies are being explored. The Chief Engineer has been asked to review the whole position and report the result to the Government of India not later than the 1st of September 1938.

9. It may be explained in this connection that the actual outlay on works is by no means the only criterion for fixing the staff required by the

Department. The Committee will be interested to hear that during the last two years the Central Public Works Department has had to work out schemes to the total value of about $\frac{3}{4}$ of a crore of rupees which for some reason or other have not yet materialised or have been held in abeyance. A great deal of time and labour had to be spent in the preliminary investigation of these projects and in the preparation of plans, designs and estimates. The cost of this work valued on a commercial basis cannot be less than Rs. 2 lakhs. Although this work is not reflected in the figures of expenditure on works, it is obviously impossible to ignore it in determining the strength of the cadre.

10. It would be useful in this connection to compare the percentage of establishment costs to the works outlay of the Central Public Works Department with that of a Province which has practically the same superior staff, *viz.*, the Communications and Buildings Branch of the Bengal Public Works Department. The controlling staff in both cases consists of 1 Chief Engineer and 4 Superintending Engineers while the number of Divisional posts is 12 in the case of Bengal and 16 in the Central Public Works Department including the 7 temporary divisions. The percentage of establishment costs to works outlay on the basis of the budget figures of 1938-39 amounts to 15.03 in Bengal against 14.37 in the Central Public Works Department. Considering the large area to be covered and the scattered nature and urgency of the works and the enormous volume of estate and revenue work, the organization in the Central Public Works Department cannot be regarded as fixed on uneconomical lines.

11. Regarding the qualifications of the staff which the Committee have commented on and referred to in paragraph 67 of their report, it might be stated that recruitment to the Central Engineering Service Class I, is made by (a) the transfer of Indian Service of Engineers officers from provinces, (b) open competitive examination held by the Federal Public Service Commission and (c) promotion of suitable officers from the lower ranks with the concurrence in each case of the Commission. All the superior administrative posts are at present manned by Indian Service of Engineers officers. The Divisional and sub-Divisional posts are held by either Indian Service of Engineers officers or officers of the Central Engineering Service, Class I. Temporary vacancies in sub-divisions are generally filled by the promotion of experienced subordinates.

12. The Committee suggest that the work connected with Civil Aviation and public health is of a specialised nature. The Government of India are satisfied that much of this work is of a kind undertaken every day by the ordinary engineer. The designs of some of the more important works, however (*e.g.*, the outfall sewer and the gravity duct connected with the new sewage disposal schemes), are prepared by the Superintending Engineer, Health Services, who is a specialist officer. Acting under his advice, all sanitary works are executed by the ordinary Public Works Divisions. This practice which has been in vogue since the construction of the new capital works at

Delhi was started has proved quite successful and is undoubtedly more economical than the maintenance of special Divisions for the purpose.

APPENDIX

| I Circle. | II Circle. | Delhi Provincial Circle.* | Aviation Circle† |
|-------------------------|---|---|---|
| Dehra Dun Division .. | New Delhi 'A' Division | Provincial Division | Delhi Aviation Division. |
| Indore Central Division | New Delhi 'B' Division | Services Division | Bombay Central Division. |
| Construction Division‡ | Simsa Central Division Ajmer Central Division Viceregal Estates Division. | Special Division No. I‡ Special Division No. II‡ | Calcutta Central Division. Karachi Central Division. |
| | <i>Specialist posts treated as Divisional charges.</i> | | |
| Horticultural Division | Electrical Division | | |

* The post of Superintending Engineer, Delhi Provincial Circle, is temporary, sanction to which expires on 1st March 1939.

† The whole circle including the divisions is temporary, sanction to which expires on the 1st March 1939.

‡ Temporary Divisions : present sanction expires on the 1st March 1939.

APPENDIX XI-A.

Report regarding the purchase of stores by the Central Public Works Department.

In paragraph 116 of their Report on the accounts of 1935-36, the Public Accounts Committee desired that a report should be submitted to them on the subject of the purchase of stores by the Central Public Works Department. The Committee were under the impression that stores are purchased on the basis of a larger programme of capital works than is actually carried out, thus resulting in the unnecessary and avoidable accumulation of stores.

2. Stores or stock which are required for ordinary work are not ordered until it has been sanctioned, funds for its execution have been allotted and the work has been put in hand. In a number of cases, contracts for works are given out on lump sum and all materials required therefor are provided by the contractors themselves. In certain Public Works Department Divisions, however, small quantities of stock are maintained but their value depends more on the nature of the work and the difficulty or otherwise of obtaining stores quickly than on the value of the work to be done, as only such material as is required in a hurry is kept in stock. In this connection, attention is invited to Note 8 (5) on pages 258-259 of the Appropriation Accounts for 1935-36 wherein it is stated that the whole of the surplus stock in the Central Public Works Department was utilized by issue to works by December 1936, and that there was a quick turnover of stock in the Department. In Note 8 (a) on page 231 of the Appropriation Accounts for 1936-37, the Accountant General, Central Revenues, has mentioned that the material held in stock in the Department was reduced from Rs. 68,914 to Rs. 26,033 during 1936-37 [as compared with the reserve limit of stock of Rs. 1,12,700 fixed for that year] and that the closing balance (Rs. 26,033) shows a satisfactory reduction. It may be added that the reserve limit of stock in the Central Public Works Department is being steadily lowered. This is evidenced by the following figures :—

| Year. | | | | | | | Reserve limit of stock. |
|---------|----|----|----|----|----|----|----------------------------|
| | | | | | | | Rs. |
| 1932-33 | .. | .. | .. | .. | .. | .. | 4,84,000 |
| 1933-34 | .. | .. | .. | .. | .. | .. | 3,19,000 |
| 1934-35 | .. | .. | .. | .. | .. | .. | 2,35,000 |
| 1935-36 | .. | .. | .. | .. | .. | .. | 1,36,900 |
| 1936-37 | .. | .. | .. | .. | .. | .. | 1,12,700 |
| 1937-38 | .. | .. | .. | .. | .. | .. | 71,600 |

3. The Committee will observe, therefore, that the Central Public Works Department are not purchasing stores in excess of normal requirements.

APPENDIX XII.

EXTRACT FROM A NOTE OF THE CONTROLLER OF PRINTING AND STATIONERY,
INDIA.

** ** ** ** ** ** **

As far as I could understand from your note on the subject, it seems that you are anxious to know why large variations as between the budget provision and the final appropriations were needed. It would, therefore, be necessary to give you an idea of how the budgets of the S. and P. Department are framed and what are the factors which operate to upset same or render it impossible to budget with moderate accuracy. For this purpose I will select the budget heads under 'Purchase of Stores' as this would fully illustrate our difficulties in the matter.

The budget estimates for the purchase side of the Stationery Office are framed on the valuation of the quantity statements passed by Controller. The quantities represent the estimated requirements for the year in question based on the average of the past three years' actuals with such modifications as the estimates from the Railways and other special departments or any other cognate matters would warrant. The valuation is made on the prices ruling at the time, *i.e.*, in September of each year preceding the financial year for which budget estimates are framed. On the settlement of the actual contracts any variations in the budget provision due to fluctuation in prices are communicated to the Finance Department for necessary provision. The provisions for the local Governments are determined by each local Government and communicated to the Stationery Office for incorporation in the annual requirements. Such budget provisions go towards the Receipt side of our budget. The S. and P. grant is a net one allowing for recoveries to be made from Paying Departments such as the Army, Railways, P. and T., etc. These Departments are unable to forecast with any degree of precision their requirements for any particular year and any variation in their demands automatically upset our budget provision. Similarly any variations in the requirements of the Provincial Governments for which additional provisions are made by the local Governments in the course of the year upset our budget provision as the S. and P. budget does not get any benefit of the extra provisions made by the local Governments although provisions for Stores have got to be made to meet local Governments' requirements and to obviate their extra grants being lapsed.

Now I proceed to discuss the figures in detail for the year 1936-37.

| C.—Stationery Stores. | | Modified grant. | |
|-----------------------|---|-----------------|-----------|
| C. 1 (1) Paper | O | 29,00,000 | |
| | S | 2,12,000 | |
| | R | 4,91,843 | 36,03,843 |

It has now to be explained why so much modifications were necessary over the original grant. In the first place I would point out that the actuals under this head for the year 1935-36 were Rs. 32·81 lakhs against the provision of Rs. 28·50 lakhs. Such extra issues had partially been met by reappropriation and be

lowering the stock balance at the close of the year. The supplementary grant was needed to meet the extra requirements of the Provincial Governments of which details are set forth below for the years 1935-36 and 1936-37.

| | Issues at cost price. | |
|---------------------|-----------------------|-----------|
| | 1935-36. | 1936-37. |
| Bengal.. .. . | 6,51,275 | 8,17,333 |
| Punjab | 4,85,801 | 4,97,143 |
| U. P. | 1,96,043 | 2,16,190 |
| Assam | 39,153 | 45,143 |
| N. W. F. P. | 71,127 | 80,952 |
| Coorg | 4,933 | 4,952 |
| | 14,48,332 | 16,61,713 |

i.e., a net rise of Rs. 2,13,381 which was covered by the supplementary grant. The extra requirements were for paper required for the printing of Electoral Rolls of the various provinces for which no provision had been made by the Provincial Governments at the beginning for the year but money was found later in the year to meet unforeseen demands. The Stationery Office was under an obligation to supply paper, otherwise the extra provision of the Provincial Governments would lapse, but the extra requirements could not be anticipated at the time of framing the budget. The amount covered by reappropriation was made available by a rise in Deduct Recoveries owing to extra issues to the Paying Departments which could not be anticipated at the time of framing the budget either by the Stationery Office or by the departments concerned.

| | | Modified grant. | |
|----------------------------|---|-----------------|----------|
| C. 1 (2)—Typewriters, etc. | O | 2,65,000 | |
| | R | 20,000 | 2,85,000 |

The modification of grant in this instance was necessary to meet unforeseen demands for typewriters and accessories due to the creation of new offices and replacements of typewriters and other machines for the various offices of the Government of India. This head includes prices of typewriters and duplicators and their accessories. The budget estimate is framed on the basis of actual issues during the past year subject to such modifications as any useful information regarding the variation of demands available at the time of framing the budget would demand. The creation of new offices, the constitution of Commissions and Committees and replacements of typewriters are factors which cannot possibly be foreseen with any degree of precision at the time of framing the budget. I will illustrate this variation by citing actual figures of issues from April to November 1935 against those of the corresponding period of 1936-37 :—

| | April to Novem- ber | |
|--------------------------|------------------------|----------|
| | 1935-36. | 1936-37. |
| Central Civil | 239 | 366* |
| Central Military | 199 | 205 |
| Railways | 108 | 127 |
| P. and T. | 37 | 63 |
| Provincial | 121 | 126 |

* The figures for issue to Central Civil Departments record an increase of over 52 per cent.

The increase in the number of typewriters and duplicators connotes a natural rise in demands for accessories. The additional demands set forth above justify the reappropriation made under this head.

Modified grant.

| | | | | |
|-----------------------|----|---|----------|----------|
| C. 1 (3)—Other Stores | .. | O | 7,15,000 | |
| | | R | 85,000 | 8,00,000 |

The actual expenditure under this head for the year 1935-36 was Rs. 7.78 lakhs. Extra issues to paying and non-paying Departments were responsible for the variation under this head. The extent of the extra issues made to the Central Civil Departments during the year 1936-37 as against the year preceding would explain the modifications necessary under this head :—

Issues.

| | |
|-----------|-----------|
| 1935-36. | 1936-37. |
| 25,47,000 | 27,31,000 |

To meet such extra demands the stock balance was reduced by Rs. 7.50 lakhs during the two years so that at the end of 1936-37 the value of closing stock balance came to Rs. 3.19 lakhs as against Rs. 18 lakhs in the year 1930-31. The heavy stock balance in the preceding years tended to stave off the necessity of modifying the original grants by reappropriations or supplementary grants but the present stock balance does not afford any relief in this direction.

Besides, there are other factors which tend to upset our budget provision :—

- (1) authorisation of issues either free or on payment proceeding from the Department of Labour in the course of the year.
- (2) extra issues on cash payment to Military Units and formations.
- (3) Unforeseen demands of the Defence Department for operations on the Frontier, mobilisation purposes and extra requirements for outturn purposes which are all kept outside the allotment.

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APPENDIX XIII.

MEMORANDUM.

This memorandum is in expansion of the information contained in paragraphs 9 to 15 of the Important Comments (on pages 380-381) below the appropriation account relating to Frontier Watch and Ward (all Non-voted) for 1936-37. It was considered to be undesirable to overload the appropriation accounts with details of the numerous irregularities. A statement of more important instances of the types of irregularities mentioned in the Important Comments is attached for the information of the Public Accounts Committee. The object is to make the information sufficiently complete that the Public Accounts Committee may be able to deal with the situation disclosed by these irregularities finally in the July 1938 session.

2. The Government of India have yet to issue orders on a few individual irregularities the most important of which have been mentioned in the statement; they also have still to issue general orders in connection with the following:—

- (i) The Government of India intend to issue a letter dealing with the irregularities in general and containing an expression of full determination to take severe steps against any official who, after this warning, indulges again in, or permits his subordinates to indulge again in, these irregularities.
- (ii) The method of drawing and accounting for charges relating to "Entertainment charges", "Protection and raids" and "Secret Services" requires definition, and the objects on which the grants under the last two heads may legitimately be spent.

| Serial No. | Details of irregularities. | Substance of orders passed. |
|------------|---|--|
| | <i>Accounts of the Deputy Commissioner, Peshawar.</i> | |
| 1 | A pension of Rs.10 per mensem was allowed to the mali of the Deputy Commissioner's bungalow (a private servant) since June 1928 and charged to the head "Miscellaneous Political Expenditure". | The pension should cease forthwith. |
| | <i>Accounts of the Political Agent, Kurram.</i> | |
| 2 | (a) In March 1936, annual allowances to tribes, totalling Rs. 4,988 were drawn and deposited in the Kurram Local Fund, obviously to avoid lapse of appropriation as they were not actually paid to the tribes till September 1936. | Suitable instructions have been issued by the Local Administration for the strict observance of the rule according to which no money should be withdrawn from the treasury unless it is required for immediate disbursement. |
| | (b) A sum of about Rs. 2,500 was spent between April 1936 and October 1936 on the purchase of furniture and its repair for the Political Agent's bungalow; no rent was assessed nor were any adjustments made with the M. E. S. who had charge of the building. | The furniture should be taken over by the M. E. S., noted in the inventory and maintained by Government, and rent at 12½% on the capital cost for both durable and non-durable articles charged with effect from 1st January 1938. |

| Serial No. | Details of irregularities. | Substance of orders passed. |
|---|---|---|
| (c) | In March 1935, the Local Administration sanctioned the appointment of 3 agricultural assistants (2 at Rs. 50 each per mensem and 1 at Rs. 30 per mensem). No agricultural assistant was actually entertained but pay was drawn regularly and credited to the Bagh Fund—and ultimately appropriated towards the general expenditure of the Fund. | Orders not yet issued by the Government of India. |
| (d) | The accounts of receipts of the Bagh Fund in some cases were maintained on slips of paper, and it was noticed that amounts were outstanding from customers since 1934-35 and that no effective steps had been taken to recover them. | Orders not yet issued by the Government of India. |
| <i>Accounts of the Deputy Commissioner, Hazara.</i> | | |
| 3 | Amounts paid in 1936-37 as allowances to certain tribes were not in accordance with sanction; rewards sanctioned for a tribe (Rs. 1,000) and savings in other cases were appropriated towards payments to other tribes in the form of Lungis and rewards to Frontier Constabulary, Government servants and others without the sanction of Government. | The revised distribution of tribal allowances has been sanctioned and instructions issued regarding procedure for payment of rewards to Malikis and Government servants. |
| <i>Accounts of the Political Agent, Khyber.</i> | | |
| 4 | (a) As the cash balances in the hands of the Cashier amounted at times to as much as Rs. 50,000 his security of Rs. 5,000 required examination. | Security raised to Rs. 10,000. |
| | (b) It was noticed that from the grant for "Entertainment Charges" sums of Rs. 360 in one case and Rs. 50 each in four others were drawn monthly, and sums of Rs. 500 in one case and Rs. 20 each in four others were drawn twice every year on the occasion of Ids, but monthly accounts of expenditure were not rendered by any of the persons who drew the amounts. The classification of the charges also was not on uniform lines, the payments having been charged to "Entertainment Charges" and "Protection and Raids" and (more frequently) "Secret Services". | The system of paying lump sums to Political Officers for entertainment charges has been stopped. Amounts required for this purpose should be drawn from the treasury as and when required, and properly accounted for. General orders are to issue separately particularising with reasonable precision the objects on which these grants may be spent. |
| | It was noticed also that the grant for "Entertainment Charges" was not strictly limited to its object. Two instances are mentioned in which it was ordered that the amounts should be met from this head (but they were actually charged to "Protection and Raids"), namely:— | |
| | (i) Donation of Rs. 50 to the Duty Society of the Islamic College. | |
| | (ii) Hire of a car (Rs. 11-10-0) which carried a box containing medals and files from Peshawar to Landi Kotal on the occasion of the Silver Jubilee. | |
| <i>Accounts of the Deputy Commissioner, Bannu.</i> | | |
| 5 | (a) 447 pagries were purchased out of the Khassadar Fund at a cost of Rs. 2-1-3 each, and sold to the Khassadars at the rate of Re. 1 only, which was irregular as the supply of clothing was inadmissible. | The purchase and sale have been sanctioned. |

| Serial No. | Details of irregularities. | Substance of orders passed. |
|------------|--|--|
| (b) | <p>There was a balance of Rs. 4,303-3-9 at the credit of the Khassadar Fund on 20th December 1936, of which a sum of Rs. 2,086-14-9 was refunded into the treasury on 8th February 1937. A portion of the balance was utilised on other objects, and the balance of Rs. 771-4-3 was not finally refunded till 11th January 1938—long after orders to close the fund had been issued.</p> | <p>The Finance Department wish to know the name of the officer at fault. The Local Administration have explained that the failure to credit the whole balance on 8th February 1937 was due to a misunderstanding of the orders.</p> |
| | <i>Accounts of the Deputy Commissioner, Kohat.</i> | |
| 6 | <p>A sum of Rs. 187 was utilised in distributing rewards on 12th July 1936 to ministerial and menial staff. It was met from the undisbursed balance of an amount drawn in August 1935 on account of "Allowances to tribes". The payment of the rewards has been sanctioned by the Local Administration.</p> | <p>The Local Administration have been asked to issue specific instructions to all local officers that the practice of utilising undisbursed Khassadari and tribal allowances for contingent expenditure and rewards to Government servants should cease and that sums remaining undisbursed out of amounts withdrawn from the treasury for whatever purpose should be refunded into the treasury in accordance with the rules in the Civil Account Code.</p> |
| | <i>Accounts of the Political Agent, South Waziristan.</i> | |
| 7 | <p>(a) Special petition papers were printed and sold at Rs. 0-8-0 each but the stock account was never checked by the Political Agent or any other responsible officer nor was the stock in hand ever verified by actual count.</p> | <p>Under consideration. Orders not yet issued.</p> |
| | <p>(b) (i) It was noticed that out of the undisbursed pay of Khassadars advances were made for various purposes, such as for the construction of a house.</p> | <p>The designation of the officer to whom the advance to construct a house was made and the amount of the advance have been demanded by the Government of India.</p> |
| | <p>(ii) Undisbursed pay of Khassadars was also utilised in purchasing jackets (costing Rs. 2,160) and saddlery (costing Rs. 880) for sale to them.</p> | <p>Recovery should be expedited as far as possible.</p> |
| | <p>(c) The bungalow of the Political Agent was furnished and the cost of the furniture met out of the General Fund. The dates of purchase of the various articles were not recorded nor was rent of furniture recovered.</p> | <p>The Government of India are awaiting proposals from the Local Administration to regularise the matter.</p> |
| | <p>(d) Amounts were drawn from the treasury in advance of requirements and undisbursed amounts were not promptly refunded. The undisbursed amount lying in the tahsildar's safe at the time of the local audit was Rs. 39,408.</p> | <p>The Local Administration have been asked to issue suitable instructions to all local officers. The Government of India have also asked for the date of credit of the balance of Rs. 39,408 into the treasury.</p> |
| | <p>(e) The following balances of advances granted from the General Fund were remitted by the Political Agent and treated as final charges two days before the closing of the Fund in November 1936:—</p> | <p>The Government of India have confirmed the action of the Local Administration in having treated these balances as final charges against the Fund.</p> |
| | <p>(i) Balance of Rs. 800 due from an advance of Rs. 1,200 made to a tribesman in April 1936.</p> | |
| | <p>(ii) The whole of an advance of Rs. 500 made to a Mahsud in February 1936.</p> | |

| Serial No. | Details of irregularities. | Substance of orders passed. |
|------------|--|--|
| 8 | <p><i>Accounts of the Deputy Commissioner, Dera Ismail Khan.</i></p> <p>Presents were given to Government servants out of the Compensation for Border Offences Fund—the sums paid from April 1935 to October 1936 amounted to over Rs. 700. It was also noticed that officials and private individuals were allowed advances from this Fund.</p> | <p>Orders not yet issued by the Government of India.</p> |
| 9 | <p><i>Accounts of the Political Agent, North Baluchistan.</i></p> <p>(a) Sum of Rs. 176 representing rent due from the employee of a contractor was paid to the Military Engineering Service on 20th December 1933 from the advance account, it remained outstanding until 11th March 1936 when it was made good from the General Fund which was an irregular fund maintained to accommodate all unauthorised income and expenditure. The amount is still recoverable and the Local Administration have issued instructions to the Political Agent to take immediate steps to effect recovery or else to report reasons why recovery is impossible.</p> <p>(b) The stock register showed that some residential quarters were furnished with Government furniture, but rent of furniture was apparently never recovered from the occupants.</p> <p>(c) Valuable articles purchased out of irregular funds had not been entered in the stock register.</p> <p><i>Account of the Political Agent, Malakand.</i></p> | <p>The recovery is to be reported to the Comptroller.</p> <p>Orders not yet issued by the Government of India.</p> <p>The articles purchased from Khassadar contingencies should be entered in the stock registers and checked from time to time. This will be verified during the next local audit.</p> |
| 10 | <p>(a) Furniture was supplied for the P. A.'s residence at the cost of the Miscellaneous Fund but rent was not charged.</p> <p>(b) The orderly of the Assistant Political Agent, Chitral, was in receipt of pay of Rs. 43 a month from an irregular fund. On his death, a gratuity of Rs. 500 was paid to his family mainly on the ground that his death was attributable to pneumonia which he contracted while on service.</p> | <p>Rent to be charged from 1st January 1938 (as in the case of the residence of the P. A. Kurram).</p> <p>The gratuity was unjustified and, in any case was far in excess of the limit of six months' pay usually applied by the Government of India in the case of a compassionate gratuity. But a refusal to sanction the payment would involve recovery from the sanctioning officer and the Finance Department felt that it was scarcely desirable that this one case should be singled out in this fashion.</p> |

APPENDIX XIV.

MEMORANDUM FROM THE CHIEF SECRETARY TO THE GOVERNMENT OF THE NORTH WEST FRONTIER PROVINCE, TO 1. ALL DEPUTY COMMISSIONERS, 2. ALL POLITICAL AGENTS IN THE NORTH-WEST FRONTIER PROVINCE, 3. THE ASSISTANT POLITICAL AGENT, CHITRAL, No. 17039-49-P./1/259-TBI, DATED PESHAWAR THE 9TH MAY 1938.

SUBJECT.—*Regularization of irregular funds.*

It has been brought to the notice of the Local Administration that money is drawn frequently from treasuries without due regard to immediate requirements and kept in local offices for disbursements that may arise in due course. This practice is irregular, involving retention of heavy cash balances in hand which is also undesirable, and should be discontinued forthwith. The Local Administration would impress upon all those concerned that, in future, no money should be drawn from the treasuries unless it is required for immediate disbursement. If in any case, it is found that the whole amount or any portion of it drawn from the treasury cannot be disbursed immediately or in near future as anticipated, the undisbursed amount may be refunded into the treasury and re-drawn when it is required for disbursement.

LETTER FROM THE ASSISTANT SECRETARY TO THE GOVERNMENT OF INDIA IN THE EXTERNAL AFFAIRS DEPARTMENT, TO THE CHIEF SECRETARY TO THE GOVERNMENT OF THE NORTH WEST FRONTIER PROVINCE, No. F. 83-A/38, DATED SIMLA, THE 30TH JUNE 1938.

SUBJECT.—*Audit of the accounts in the North West Frontier Province Agencies.*

With reference to the correspondence ending with your memorandum No. 19001-PN./I/162-TBI., dated the 21st/25th May 1938, I am directed to say that the Government of India approve of your proposals defining the objects on which the grants under "Entertainment charges", "Protection and Raids" and "Secret Service", should be spent. They also note that these definitions have been accepted by the Comptroller, North West Frontier Province, who will, however, examine the matter further in the course of local inspections, with a view to seeing if the definitions require any amplification or modification. I am to add that the Government of India attach considerable importance to this examination of the accounting arrangements at local inspections in future.

MEMORANDUM FROM THE CHIEF SECRETARY TO GOVERNMENT, NORTH-WEST FRONTIER PROVINCE, TO THE UNDER SECRETARY TO THE GOVERNMENT OF INDIA IN THE EXTERNAL AFFAIRS DEPARTMENT, No. 19001-P.N./1/162-TBI, DATED PESHAWAR, THE 25TH MAY 1938.

SUBJECT.—*Audit of the accounts in the North West Frontier Province Agencies.*

Reference correspondence resting with my memorandum No. 15059-P./1/162-TB, dated the 22nd April 1938.

2. After consultation with the Comptroller, the Local Administration is of opinion that if the amount required for disbursement for "Entertainment Charges", "Protection and Raids" or "Secret Service" is not heavy, it should invariably be paid from the permanent advance in the first instance, the advance being recouped by drawing the amount subsequently from the Treasury on fully vouched contingent bills; in cases of emergent payments of large amounts which cannot be paid from the permanent advance the money should be drawn from the Treasury. The detailed procedure regarding posting of cash book and contingent register and preparation of bills have already been explained fully in Comptroller's letter No. Cent. T. 15-14/1022, dated the 20th August, 1936 (Copy attached) and instructions have been issued to Drawing Officers accordingly. This procedure for the control and accounting of money for "Entertainment Charges", "Protection and Raids", and "Secret Service", is in fact practically that which is already observed in the offices concerned, but instructions are issuing to ensure that there is no variance.

3. Examination of the object on which these grants have been spent shows a large number of different objects on the justification of which the Local Administration are fully satisfied but for which it is difficult to frame any useful or all embracing definition. The following are suggested :—

(1) *Entertainment charges* : "Entertainment Charges" are intended to cover entertainment and travelling expenses of individuals and parties who visit a political officer in connection with Government duty, or who perform duties involving themselves in expense. The money may be paid in cash to the person or persons for whose entertainment it is intended, to some other person who has paid the expenses of entertainment, to some shop or company which has provided the entertainment or conveyance, or in many other ways, provided the object of entertainment or paying expenses is kept in mind. No fixed charges should be met from this head.

(2) *Secret Service* : "Secret Service" money is intended to cover rewards whether in the form of cash, of presents such as shotguns or binoculars, of assistance with an irrigation scheme, given in return for information received, or for some other purpose which it may not be desirable to specify.

(3) *Protection and Raids* : The money allotted for "Protection and Raids" is intended to cover the payment of rewards whether in cash or kind, travelling expenses, compensatory expenses, etc., connected with special arrangements for the safety of the public, and in particular with the arrest or prevention of raiders and the rescuing of persons captured by raiders.

The Comptroller has been consulted on these proposed definitions and has replied that he accepts them, but has at the same time intimated that the matter will be further examined in the course of local inspections with a view to suggest amplification, if any is needed, in the definitions so as to make sure of covering all cases.

APPENDIX XV.

OFFICE MEMORANDUM FROM THE FINANCE DEPARTMENT, GOVERNMENT OF INDIA, No. D.-884-F., DATED THE 18TH DECEMBER 1937.

SUBJECT.— *Public Accounts Committee—Appropriation Accounts—Explanations of variations.*

The undersigned is directed to invite a reference to the recommendation made in paragraph 15 of Part I of the Report of the Public Accounts Committee on the Accounts of 1935-36 regarding the importance of ensuring that the explanations given in the Appropriation Accounts are both accurate and intelligible.

2. During this year's meetings of the Committee the printed explanations were found to be frequently inadequate and sometimes actually misleading. Although the work of compilation is done by the accounts officers, they are necessarily dependent to a large extent on information received from the Departments concerned, and it appears that there has been a tendency to devote insufficient attention to the work of supplying and checking this information. The Finance Department would deprecate any large increase in the quantity of printed matter which is placed before the Committee, and they do not wish to suggest any modification in the working arrangements under which explanations are not ordinarily given for variations of less than a certain amount or percentage. It is, however, most desirable that the explanations given in connection with the larger variations should be not only concise but also illuminating. The questions which the Committee will ordinarily ask are (1) whether the variation was inevitable, and (2) whether it could not have been foreseen. If the explanations indicate with sufficient clearness the answers to both of these questions the number of points on which the Committee will wish to obtain additional information verbally from the representatives of the Departments should be very materially reduced.

APPENDIX XVI.

Extract from a note from the Accountant General, Central Revenues, New Delhi, to the Auditor General of India on the question of annexures to each of the Area demands of *pro forma* account of expenditure and receipts.

* * * * *

2. I enclose a list of main heads in the centrally administered areas which can be taken as intrinsically provincial in nature. At present a statement of actual receipts is appended to each appropriation account relating to Area Demands. These statements generally exhibit the receipts realised in each of the centrally administered areas. The whole amounts of the receipts, as included in the statements, do not relate to the areas concerned. They include also receipts which belong to Central Government proper. For example, the amount shown against the head "Interest" in the statement of actual receipts appended to Grant No. 80—Delhi also includes interest on loans granted by the Government of India to local bodies in Delhi.

3. Again, it will be observed that provision for expenditure under the heads corresponding to the receipt heads shown in the statements referred in the preceding paragraph is made in some cases only in the Area Demands, in others, e.g., Civil Works, Receipts in aid of Superannuation, Stationery and Printing etc., the provision for expenditure is made in the corresponding subject Demand. In respect of the heads "Interest on Irrigation", "Irrigation", "Civil Works" and "Printing and Stationery" the distribution of the budget provision by areas is shown in the respective demands. Provision is, however, made in lump only under heads such as "Superannuation Allowances and Pensions" and "Payments on account of commuted value of pensions". The provision for expenditure under these latter heads will have to be distributed amongst the different areas if the *pro forma* accounts in question are to be compiled. Unless such a distribution is made it would be difficult to allocate expenditure under these items to the particular areas. For example, the entire amount of pensions, including commuted value of pensions, which is disbursed from the Delhi treasury, does not pertain to the Delhi Province alone. Certain Central Government pensioners also draw their pension from the Delhi treasury. On the other hand, some pensioners of the Delhi Province may be drawing pensions from other Central and Provincial treasuries. If the proposed *pro forma* account is to be prepared, the charges referred to above in respect of each area will have to be collected in one place. Similarly, interest paid by the Delhi Joint Water Board and the Delhi Municipality on loans granted to them by the Government of India are not receipts of the Delhi Province although they are included as such in the statement of actual receipts of that Area. At present loans and advances are granted by the Government of India to local bodies under the Minor Local Administrations and no allocation is made according to each Area. If these areas are to be regarded as separate Provinces for the present purpose, such loans and advances as fall within the purview of the Provincial Legislative list in the Government of India Act, 1935 and strictly pertain to these areas, will have to be separated and necessary provisions will have to be made in the Demands for these areas, so that the expenditure as well as the receipts accruing therefrom *viz.*, interest, may be adjusted in the accounts for the areas concerned.

4. No adjustment is also made at present in respect of the maintenance charges of prisoners transferred from one administered area and confined in a jail in another such area. Similarly, the services rendered or supplies made by a non-commercial Department of one area to any such Department of another area, is not charged for either. No adjustment is at present made in the accounts of these areas in respect of the cost of printing work done and the articles of stationery supplied to the offices under the minor local Administrations by the Government of India, Printing and Stationery Department.

5. The services rendered under the minor local Administrations are now regarded as services rendered under the Government of India and no allocation of leave and pensionary liability in respect of such services is now made. If each of these Administrations is now to be regarded as a separate Province, the rules for the apportionment of leave and pensionary charges will require to be revised and the liability of each area on those accounts determined.

6. Further, if the centrally administered areas are each to be treated as a separate Province the adjustment on account of Agency costs for the services rendered to the Central Government by the law, Police and other officers of those administrations will have to be made as these are not now separately assessed and accounted for.

7. It will thus be observed from the above paragraphs that unless the present system of accounting is changed to a considerable extent, it will be difficult to prepare a *pro forma* account of expenditure and receipts for any administered Area. Even if such a *pro forma* account is prepared the figure shown therein will not be accurate in all cases, under the present system of accounting.

* * * * *

List of Main Heads. Transactions under which in the Centrally Administered Areas may be taken as Intrinsically Provincial in Nature.

- (1) Land Revenue.
- (2) Excise.
- (3) Stamps.
- (4) Forests.
- (5) Registration.
- (6) Irrigation.
- (7) Interest on Irrigation Works.
- (8) Interest on other obligations.
- (9) Civil Works.
- (10) General Administration.
- (11) Administration of Justice.
- (12) Jails and Convict Settlements.

- (13) Police.
- (14) Education.
- (15) Medical.
- (16) Public Health.
- (17) Agriculture.
- (18) Veterinary.
- (19) Industries.
- (20) Other Miscellaneous Departments.
- (21) Superannuation allowance and Pensions.
- (22) Stationery and Printing.
- (23) Miscellaneous Charges.
- (24) Expenditure in England.

APPENDIX XVII.

Note on the revision of Army Regulations.

The progress on the revision of the more important regulations is as outlined below :—

1. "*Conditions of Service for Civilians paid from the Defence Services Estimates*".—Proof copies of the draft regulations have been obtained from the press and a final examination of the book is now being carried out by all concerned, prior to submission of the draft, with a letter indicating the origin of all matter in the book, to the Secretary of State. The pay tables which will accompany the regulations have also been compiled and checked by all concerned.

An audit review on the publication is to be carried out before it is sent to the Secretary of State. It is anticipated that the book will be ready for submission to the Secretary of State by the end of the year.

2. *Military Leave Rules (India)*.—Revision completed. These regulations were approved by the Secretary of State and have now been issued.

3. *Regulations for the Army in India*.—Revision completed. The revised regulations have been issued.

4. *Pay and Allowance Regulations (India)*.—Revision has been completed and the revised regulations have been issued.

A review of the revised regulations was carried out in conjunction with the Director of Audit, Defence Services. A few matters resulting from this review are in course of examination.

5. *Pension Regulations (India)*.—The first draft of the revised regulations is nearing completion.

It is not yet possible to state, with any degree of accuracy, when these regulations will be ready for issue.

6. *Passage Regulations (India)*.—Existing regulations have been reprinted. Revision will be taken in hand as soon as work on the first draft of Pension Regulations (India) is finished.

7. *Financial Regulations*.—The basic part of Financial Regulations is already in process of revision.

APPENDIX XVIII.**Scheme for interchange of Accountants of the P. W. D. and M. E. S.**

The period of 2 years for which P. W. D. Accountants were interchanged with passed S. A. S. clerks of the Military Accounts Department has just expired. The periodical reports received from Controllers on the work of the P. W. D. Accountants show that the changes effected in the system of M. E. S. accounts, as a result of the suggestions made by these accountants, are of minor importance, and the opinion of both the Controllers and the M. E. S. authorities is that no direct advantage has been gained by the deputation of P. W. D. Accountants to the Military Accounts Department. This is rather disappointing at first sight, unless one appreciates fully (or knows from experience) how extremely difficult it is for any individual to introduce important changes in an established system of accounts in a short period of 2 years, and especially when the concurrence of two different parties (Military Accounts Department and M. E. S.) is essential. The inability of the P. W. D. Accountants to effect improvements in the M. E. S. system of accounting does not, therefore, indicate that the scheme has failed. Moreover the more promising part of the scheme, from this Department's point of view, was the transfer of 6 clerks of the Military Accounts Department to the Civil Department to learn the P. W. D. system of accounts. It is considered that the real advantage of the scheme to this Department will arise from the wider experience and knowledge gained by these men during their training. It appears from the reports given by the Executive Engineers and the Accountants General that these men showed a keen interest in learning the P. W. D. Accounting system, and made such good progress that within a year or so of their transfer most of them were entrusted with the regular duties of P. W. D. Accountants. There is no doubt that with their broadened outlook and experience these men will be much better qualified to carry out a critical examination of the existing system of maintaining the M. E. S. accounts and to suggest practical improvements in it. Each of these clerks was asked to report, soon after his reversion to the Military Accounts Department, what P. W. D. methods he considered from his experience of the P. W. D. and M. E. S. systems might be introduced with advantage in the latter. In these reports the Military Accounts clerks made several suggestions for improving the M. E. S. accounting procedure. All those suggestions are being separately examined. From a perusal of the reports it is apparent that the clerks have gained in breadth of experience and freshness of outlook by being deputed to the P. W. D. and that it is distinctly in the interests of the Military Accounts Department to continue the scheme systematically.

APPENDIX XIX.

Note regarding overstocking of R. A. F. Stores.

The information called for by the Military Accounts Committee may best be considered under the following two headings:—

- (i) Progress made in connection with the revision of the Equipment Regulations and Tables.
- (ii) Results of the revision of the Stock Limits.

The Revision Section which was established for special work in connection with the revision of Equipment Regulations and Tables closed down on 31st March 1938 and only a Flight Sergeant was retained to assist the Equipment Branch of the Staff in the completion of the work.

2. As regards (i) the following progress has been made since the position was examined by the Military Accounts Committee on the accounts for 1935-1936—

- (i) *Equipment Tables*.—These tables will show the number of article authorised for use in each unit. After a certain amount of preliminary work had been done it became evident that the original lay out required some alteration owing to the wide differences in the ranges of stores held by various units. The Tables are now being prepared separately for fighting units, supply and repair organisations and miscellaneous establishments, and the work is well in hand. Briefly the position is as follows:—

PART I.—*Fighting Units*—

- 32 Sections have been completed, approved by the Government of India and are now at press and will be distributed to units shortly.
- 24 Sections are in course of final check and approval by the Government of India.
- 9 Sections remain to be completed. It is hoped that by the middle of July all Sections will be ready for printing.

PART II.—*Scales*. (Showing components of tool kits lock-ups and other complete assemblies).

This part is at present 75 per cent. complete.

PART III.—*Maintenance Units* (i.e., supply and repair organisation such as Aircraft Depot).

All Sections are being collated and prepared for authorisation by the Government of India.

PART IV.—*Miscellaneous establishments*.

The table for R. A. F. Hill Depot, Lower Topa which is at present the only unit in this category, has been completed and is in course of check and approval.

(ii) *Provision Instructions*.—Completed and incorporated in the Equipment Regulations.

(iii) *Revision of Equipment (Stores) Regulations for the Air Forces in India*.—The revised edition of these regulations has now been issued and is in general use. It is complete with the exception of regulations regarding :—

(a) Accounting for Explosives,

(b) War Accounting,

which are still under consideration.

3. *Stock limits*.—The stock limits have been prescribed in a separate chapter of the Regulations referred to in paragraph 2 (ii) above. Provisioning is based on these authorised stock limits, which are expressed in terms of so many months' peace requirements, and it will be appreciated that the actual quantities representing these requirements vary from time to time according to past and anticipated consumption.

As explained in paragraph 42 of the Audit Report, every item should now be reviewed with reference to these limits at least once a year. The review for 1937-38 could not be completed in that year and has been spread over two years ending 31st March 1939. (Subsequent reviews will, it is hoped, be completed annually.) It is not possible to furnish the Committee with a report showing the results of the first review but each Vocabulary Section review when finally dealt with by H. Q., R. A. F. and the Military Finance Branch is passed on to the Director of Audit, Defence Services, and any instances of laying in stocks in excess of the authorised stock limits coming to notice through these reviews or otherwise will doubtless find a place in subsequent audit reports.

APPENDIX XX.

Memorandum explaining the zoning system.

The types of quarters normally provided for married British officers are as indicated below :—

| Classification of quarters. | Number of units of accommodation. | For whom primarily intended. |
|-----------------------------|-----------------------------------|---|
| Class I | 6 units | Colonels, Lieutenant-Colonels, and senior Majors. |
| Class II-A .. | 5 units | Majors, Captains and Lieutenants. |
| Class II-B .. | 4 units | |

A unit consists of 250 square ft. in the plains and 200 square ft. in the hills and semi-hill stations.

2. It was found that a rigid adherence to these scales resulted either in quarters lying vacant because there were no officers of suitable ranks to whom they could be allotted, or in excessive payments on account of compensation for inferior quarters. It was therefore decided that a certain amount of elasticity should be introduced into the rules for allotment of quarters and the following system was evolved and embodied in the regulations :—

| Ranks of officers. | Entitlement. |
|--|-------------------|
| (i) Colonels and Lieutenant-Colonels | 5 or 6 units. |
| (ii) Majors | 4, 5, or 6 units. |
| (iii) Captains and Lieutenants | 3, 4, or 5 units. |

As will be seen from paragraph 1 above, previous to this, Colonels and Lieutenant-Colonels were entitled to 6 units, Majors to 5, and others to 4 units.

The higher scales of entitlement is allowed if accommodation is available and the size of an officer's family justifies it. If an officer is allotted accommodation within the limits of the scales mentioned above he is not normally given any compensation for inferior quarters. In cases where only the lowest scale of accommodation is available and the size of the officer's family warrants a higher scale he is allowed compensation in the shape of a proportionate refund of lodging allowance provided he actually rents extra accommodation and the officer commanding the station certifies to the necessity for hiring extra accommodation. The maximum scales of 6 units and 5 units, respectively, shown against the ranks of Majors and Captains are admissible only in the case of senior Majors and Captains, the size of whose families warrants the allotment of the maximum scale. No compensation is however admissible on the score that the maximum scale cannot be allotted.

4. An officer who is given less accommodation than the minimum number of units specified above is automatically granted compensation for inferior accommodation.

To give an indication of the magnitude of the expenditure incurred on account of such compensation Controllers were asked to keep a record of such payments made in two specially selected months—June 1937 and January 1938. From these records it is estimated that the total payments amount to roughly Rs. 14,000 per annum.

APPENDIX XXI.**Report on the Rush of M. E. S. Expenditure in March with reference to paragraph 6 of the Report of the Military Accounts Committee on the accounts of 1935-36.**

The position in regard to M. E. S. expenditure in March 1937 has been explained in paragraph 130 (page 50) of the Appropriation Accounts of the Defence Services for the year 1936-37. As regards March 1938 expenditure, reports received indicate that there has been a general improvement, though instances of late receipt of allotments and administrative approvals still continue. These individual instances are under examination. The improvement over previous years is material, the percentage increase in March 1938 over the average of the previous eleven months being half what it was in March 1936.

The number of bills paid in 1937-38 indicates that the pressure of work in the accounts offices has diminished appreciably in the year as a whole and notably in March 1938. Adequate instructions have been issued by the Military Accountant General to ensure that no relaxation of the audit of bills occurs in March as a direct or indirect result of their greater numbers (roughly half as many again in March 1938 as the monthly average of the year).

APPENDIX XXII.**Memorandum on the disposal of surplus and obsolete stores.**

1. In paragraph 31 of their Report on the accounts of 1935-36 the Military Accounts Committee desired that the Defence Department should examine and report whether it would be possible to exhibit in the Appropriation Accounts particulars of such stores as had been written off or remained unsold during the year.

2. A similar enquiry was made in 1932 when the Military Accounts Committee examined the Appropriation Accounts for 1931-32 and after prolonged discussions with the Auditor General it was agreed that it was not practicable or even desirable (for reasons which will be explained later) to publish figures, purporting to represent the value of stores condemned, in the Appropriation Accounts. Instead it was decided that a systematic annual review of the condemnations should be instituted.

3. Before the system is explained it is necessary to indicate in general terms the procedure followed in regard to the condemnation of stores as either obsolete or surplus.

Surplus stores may be defined as stores in current use which cannot be utilised by the service against present or anticipated requirements within a period to be determined on the merits of each case, *e.g.*, with due regard to storage facilities or to the liability of the stores to deterioration.

The procedure is designed to ensure that as far as possible stores are not discarded unless they are strictly surplus within the terms of this definition.

When a unit reports that it has surplus stores, a board of officers is assembled to decide whether the stores are really surplus or not. If they are declared surplus by this board a list is sent to the Arsenal or Mechanical Transport Store Depot with a view to their utilisation as far as possible within or outside their areas of supply. A list of the stores that cannot be disposed of in this manner is sent up to Army Headquarters, where the possibility of transferring the stores to some other arm of the Defence Service or to a Civil Department is explored. Finally if, after such enquiries there still remain surpluses that cannot be utilised, a general proposal to discard the stores is submitted for the sanction of the Principal Staff Officers and the concurrence of the Military Finance Branch. If those authorities are satisfied that all possible efforts have been made to utilise or dispose of the stores in other ways they are handed over to the Disposals Organisation, which from their knowledge as a Purchasing Organisation sometimes find a use for some of these stores.

The procedure in regard to obsolete stores is similar in principle, though it naturally differs in detail. The ordinary rule is that when a new pattern of equipment is introduced, stores of the old pattern must be used up first or used in some other arm of service if this can be done without serious loss of efficiency. A further check lies in the fact that the introduction of a new pattern involves expenditure and like any other expenditure proposal, requires

the concurrence of Military Finance Branch which requires to be satisfied as regards the disposal of the stock of the superseded article. Where condemnations for obsolescence are approved, the lists of stores so condemned are passed by the administrative Branches to the Director of Contracts through the Military Finance Branch where the condemnations are scrutinised with particular reference to the reasons for condemnation. It is also ascertained whether they result from any tendency on the part of the administrative authorities towards over-stocking. Summarised particulars of these lists are noted by the Military Finance Branch in their records before they are passed on to Director of Contracts.

Quarterly lists of condemnation.—A quarterly list of disposals of various categories of stores is compiled in the Military Finance Branch and an analytical review thereof carried out. These disposal lists, together with the review are seen by the Financial Adviser and forwarded to the Director of Audit, Defence Services, who examines the items and investigates any, that in his opinion, disclose evidence of over-stocking, undue haste in condemnation, etc.

A consolidation is also made in the Military Finance Branch of the 4 quarterly statements in a year and similarly sent to the Director of Audit, Defence Services.

Figures of condemnation available but meaningless and misleading.—Figures can therefore be made available in regard to the total value of stores condemned during a year from the statistics maintained by the Military Finance Branch but the figures would represent the book value of the stores so condemned. Such figures, if shown in the Appropriation Accounts would be highly illusory and deceptive since they would bear no relation to the current or market value of the stores after allowing for the periods they had been in use. For these reasons it was not considered desirable to publish the figures in the Appropriation Accounts.

Undisposed of stores.—The next point which the Military Accounts Committee wished to be examined was whether it was possible to give an indication of the quantities of these stores lying undisposed of at the end of each year. At present the Director of Contracts maintains no separate statistics of this nature and it is anticipated that their compilation would involve an expenditure of clerical labour quite disproportionate to their value.

The whole question was discussed at considerable length in 1933-34 with the Auditor General and the procedure indicated above in regard to the collection of statistics and periodical review by the Military Finance Branch and the Audit Department was the outcome of that discussion. The Financial Adviser in a comprehensive note explained the difficulties and said "my conclusion is that this is a Department of public business in which Audit, Government and the Legislature must be content with satisfying themselves that the procedure for handling the business is correct and that the business is in fact handled in accordance with that procedure. The rules and the actual transactions are as in other Departments of business, open to the inspection and criticism of test Audit."

This was agreed to by the Auditor General whose views on the point are set out in the following extract from the Proceedings of the Military Accounts Committee, reproduced below :—

“ The Auditor General was then requested to deal with paragraph 5 (b) of his letter dealing with the question of the preparation and exhibition of a valued statement of surplus and obsolete stores written off. He explained the inutility of showing the value of such stores. For one thing it is difficult to say what is the correct valuation of surplus stores and for another if the original cost is shown it would convey a misleading impression. As, however, he recognised that it was essential that both the Audit Department and the Public Accounts Committee should have some information regarding the disposal of surplus and obsolete stores, he was considering the question of the preparation of some useful statistics. His provisional view was that the Military Finance Branch should carry out their present detailed scrutiny of each item of surplus or obsolete stores put up for disposal and prepare a consolidated statement showing the value of stores declared surplus or obsolete quarterly and submit for the information of the Auditor General through the Director of Audit, Defence Services. The statement is to be supplemented as may be necessary by explanatory remarks and comments on points of financial importance revealed by scrutiny. At suitable intervals an audit review would be conducted and a report included by the Director of Audit, Defence Services, in his annual report, rash purchases and hasty discardings being noticed therein. The Committee was assured that surplus stocks would be taken into account when placing fresh orders for stores. The Auditor General explained that as the annual provision in the budget for expenditure on stores was based on very elaborate calculations which took into account the balances in hand including surplus stocks, there was an automatic check on reckless purchases.”

Since 1934-35 the system suggested by the Auditor General of making these particulars of surplus and obsolete stores thrown up from time to time, available to the Audit Department has been in force and a special report is included in the Audit Report of the Director of the Audit, Defence Services, on the subject.

up

APPENDIX XXIII.

The charges of the Indian Infantry Unit lent for service at Hong Kong, together with those of the training Company and the proportion of the Headquarters of the training battalion in India are recovered from the War Office by means of capitation rates. The rates for the quinquennium 1934-39 included in respect of the pay of British officers, an average amount based on the "normal" office establishment of a unit. During the post-war period the ratio of Senior to Junior Officers actually serving in the Indian Army was found to be generally higher than the "normal" ratio and the continued use of the latter for purposes of the capitation rates resulted in an undercharge against the War Office during the 1st half of the quinquennium 1934-39. The unit which was then serving at Hong Kong has, since the end of 1936 been replaced by another in which the ratio of senior to junior officers is somewhat below the "normal" and the loss suffered by Indian Revenues during the first half of the quinquennium will to some extent, be made good in the second half.

To avoid the possibility of similar losses in future, it is proposed to adopt in the next revision of the capitation rates a ratio of senior to junior officers which will be in accordance with the actual numbers in the various ranks of Infantry units of the Indian Army as a whole.

APPENDIX XXIV.

Note regarding the mechanisation of Ordnance Factory Accounts submitted to the Military Accounts Committee with reference to paragraph 29 of the Commercial Appendix to the Appropriation Accounts for 1936-37.

The "mechanisation of accounts" in respect of the following items of work in Ordnance and Clothing Factories was completed between October, 1936 and August 1937, viz.—

- (i) Workmen's Pay rolls,
- (ii) Cost accounts, and
- (iii) Store accounts,

the "manual" system in respect of each of the above items having been discontinued as a permanent measure.

One outstanding feature of mechanisation is the speeding up of the various accounts and statistics which it has rendered possible. To take one instance, the "Cost Card" which gives the Superintendent of the Factory, details, under certain classified heads, of all the expenditure incurred during a month on the various items and processes of manufacture in the various shops of his Factory, is now sent to him, printed on the machines, between the second and third week of the following month, whereas under the old manual system it used to take about nine to twelve weeks after the close of the month.

Also, there has been considerable saving in expenditure as a result of mechanisation. It is estimated that the recurring saving will be, on an average, in the neighbourhood of Rs. 3,38,000 per annum.

The following table shows the actual expenditure incurred on the Establishment employed in 1933-34 in the Branch Offices of the Controller, Army Factory Accounts, on all the work that had to be done by manual methods, and the expenditure actually incurred during 1937-38 on the same items of work under the present manual-cum-mechanical system.

(Amounts rounded off to the nearest thousand.)

| Actual expenditure in 1933-34. | | | | Actual expenditure in 1937-38. | | | |
|--|----|----|----------|--|----|----|----------|
| A. Items of work which have not been mechanised— | | | | A. Items of work which have not been mechanised— | | | |
| 144 Clerks | .. | .. | 2,36,000 | 216 Clerks.. | .. | .. | 3,98,000 |
| 12 Accountants | .. | .. | 65,000 | 17 Accountants | .. | .. | 94,000 |
| | | | 3,01,000 | | | | 4,92,000 |

| 1933-34. | | | | 1937-38. | | | |
|---|----|----|----------|---|----|----|--------|
| B. Items of work which have since been mecha- nised— | | | | B. Items of work which have since been mecha- nised— | | | |
| 148 Clerks | .. | .. | 2,42,000 | 49 Operators | .. | .. | 18,000 |
| 13 Accountants | .. | .. | 70,000 | 1 Accountant | .. | .. | 3,000 |
| | | | | 3 Clerks | .. | .. | 4,000 |
| | | | 3,12,000 | 1 Assistant Accountant | .. | .. | 2,000 |
| | | | | Inferior establishment | .. | .. | 1,000 |
| | | | | Hire of machines | .. | .. | 37,000 |
| | | | | Cost of Cards | .. | .. | 10,000 |
| | | | | Contingencies | .. | .. | 2,000 |
| | | | | Depreciation | .. | .. | 2,000 |
| | | | | | | | 79,000 |
| | | | | <i>Less—</i> | | | |
| | | | | Actual pay of 9 clerks saved in Main Office | | | |
| | | | | | | | 17,000 |
| | | | | | | | 62,000 |

It will be seen that though the sum of 301 thousand rupees spent in 1933-34 on the non-mechanised items of work had to be increased to 492 thousands in 1937-38 (due to the increase in the volume of work carried out by the Ordnance Factories), the expenditure on the mechanised items of work has fallen from 312 thousand rupees in 1933-34 to 62 thousand rupees in 1937-38. The actual saving is, however, more than the difference between 312 thousands and 62 thousands. It is fairly certain that, had the Manual system been continued, the staff employed on such items of work as have now been mechanised would have had to be increased by about the same percentage as was found to be necessary in the establishment employed on the non-mechanised items of work (*viz.*, from 301 thousands to 492 thousands—nearly 65% increase). Hence, but for the mechanisation, the manual cost of carrying out the work now mechanised would probably have gone up from 312 thousands to 498 thousands. The actual expenditure incurred is, however, only 62 thousands, giving an estimated saving on account of mechanisation of 4.36 thousands per annum. We have, however, indicated a conservative figure of 3.38 thousands per annum only, as this latter figure gives the financial effect based on standard average costs of personnel, while the former is based on *actual* costs during two particular years 1933-34 and 1937-38.

APPENDIX XXV.

Financial review on Quetta Reconstruction for 1936-37.

It has been suggested that the Military Accounts Committee would wish to have a financial review of the Quetta Reconstruction Project which, besides commenting on the expenditure actually incurred during 1936-37, would give a brief account of the genesis of the project and of the progress made therewith during that year.

2. The earthquake in Quetta took place on the 31st of May 1935. In July 1935 an inter-departmental Committee composed of senior representatives of the Defence, Finance, Railway and Foreign and Political Departments was appointed to examine and co-ordinate requirements of the Departments concerned. It was postulated that there would be no major changes of Defence policy as a result of the earthquake and that it would therefore be necessary for the Army to reoccupy Quetta in much the same strength as previously.

The Committee was also required to make recommendations as to the manner in which the requirements should be met, to frame a rough estimate of the cost involved, and to suggest the period over which the cost should be spread.

So far as the Defence requirements were concerned, the Committee recommended that broadly speaking the same accommodation as existed before the earthquake should be provided on the present site. The cost was estimated at between 6 and 7 crores of rupees and a period of not less than 6 years was suggested as necessary to complete the project. It was emphasised by the Committee that in determining the priority of items included in the project economy should be the guiding principle.

3. As a result of this Committee's recommendations which were accepted by the Government of India the Defence authorities were directed to proceed with the preparation of the plans and detailed estimates necessary to carry out the programme of reconstruction advocated in the report. It was decided to entrust the work relating to the Defence Services and the Civil Department to the M. E. S. which would be strengthened for the purpose by the addition of requisite number of expert draftsmen, Surveyor of Works, etc. Two Committees—the Central Quetta Reconstruction Committee at the headquarters of Government and the other Local Quetta Reconstruction Committee with headquarters at Quetta—were formed to deal with the co-ordination of requirements and the formulation of policy. A project estimate providing for the requirements of the various Defence units and formations to be located at Quetta, covering residential and technical buildings, hospitals, playgrounds, roads and drainage, and all necessities of an up-to-date cantonment was prepared and submitted for the approval of the Secretary of State for India. The estimated cost of this project amounted to approximately 7 crores of rupees which was to be spread over a period of about 7 years. The Secretary of State's sanction to this project was received on the 30th of April 1936.

4. With a view to securing the most advantageous tenders possible as well as to avoiding administrative difficulties it was decided to divide the project into fairly large groups, each group consisting of a number of associated buildings. The first batch of contracts included 5 such groups and covered a period of approximately 3 years. No contractors were allowed to tender for less than a complete group. By this means it was hoped to ensure that only important and reliable firms would be employed on the work and that their operations would, as far as possible, be so arranged as not to clash with each other.

5. For a number of reasons it was considered a matter of vital importance that the reconstruction work at Quetta should go forward with the least possible delay. Apart from considerations of policy, which alone rendered the project a matter of extreme urgency, it was found that the provision of temporary accommodation for the troops and others displaced by the earthquake and the grant of concessions to a large number of civil and military personnel were both costly and unsatisfactory expedients. On the other hand owing to the magnitude and complexity of the project the preliminary work involved in settling the general lay-out of the new cantonment, deciding the relative priority of each of the numerous items contained in the project and preparing plans and designs, was so enormous that had the usual procedure for inviting tenders and placing contracts been followed there would have been no possibility of making a start with the actual building operations before the year 1937-38. The necessity for designing the new buildings so as to render them reasonably earthquake-proof introduced an additional complication that tended to hold up progress with the preparation of detailed plans. To avoid this delay it was decided that in respect of the first stage of the project recourse should be had to a method whereby it would be possible to call for tenders and conclude contracts for buildings that had not even been designed. This method, although new to India, is one that is sometimes adopted in respect of large projects involving (as in this case) a good deal of work of a repetitive nature.

6. Put very briefly the method is as follows. In each group for which tenders were invited a certain number of typical buildings were selected as 'key' buildings for which designs and detailed drawings were ready at the time of sending out the tender invitations. The tenderers were required to quote firm lump sum offers for all 'key' buildings and others for which detailed drawings existed, but for each of the remaining buildings they were to quote a provisional lump sum and also to specify a 'key' building of similar type with which this provisional quotation should be associated. The payment that would actually be made to successful tenderers in respect of such buildings would be determined on the basis of their firm quotation for the linked 'key' building. For the purpose of calculating the sums payable in those cases an unpriced schedule enumerating all the detailed items of work entering into the project was prepared by the M. E. S. authorities and sent out to each tenderer who was required to return it fully priced along with his tender.

7. The precise *modus operandi* may perhaps best be explained by a concrete example.

In a particular group let us suppose that a contractor tendered a firm lump sum of Rs. 18,000 for a key building 'A' and a provisional lump sum of Rs. 28,000 for a building 'B' for which no detailed drawing had been sent out to tenderers. He would also have submitted a fully priced schedule, along with his tender.

As soon as the designs and detailed drawings for building 'B' had been settled bills of quantities for the two buildings would be priced at the rates entered by the contractor in his schedule. Let us suppose that the bill of quantities for building 'A' when so priced amounted to Rs. 20,000 and that for building 'B' Rs. 29,500. Then the lump sum payable under the contract in respect of building 'B' would be $18,000/20,000 \times 29,500 = 9/10$ of 29,500 = Rs. 26,550.

Another way of stating the arrangement is that the contractor undertook to carry out the construction of each 'key' building and of the buildings linked by him thereto at rates arrived at by applying to his schedule rates the fraction (9/10 in the hypothetical case given above) representing the proportion borne by his lump sum quotation for the 'key' building to the amount of the bill of quantities for that building when priced at the contractor's schedule rates. A different fraction had of course to be worked out in respect of each 'key' building.

This gives the basic idea of the method adopted though there were a number of detailed provisions that need not be mentioned in this review.

8. From the foregoing brief description of the method of tendering adopted it will be clear that it did not involve the general abandonment of the usual safeguards. The method is in fact quite a recognised one in other countries and its only drawback appears to be that there is more uncertainty regarding the actual amounts payable under contracts at the time of entering into them than is the case where contracts concluded on the more usual lines are concerned.

The contracts comprising the first batch, which included those placed out under this system, covered work the cost of which had been estimated at about Rs. 133 lakhs in the project estimate and was designed to cover a period of 3 years from the 1st April 1936. Although the payments that will eventually be made under these contracts cannot be exactly ascertained at this stage, there is good reason to believe that the total amount of such payments will not exceed this estimate.

Generally speaking it would seem as if the contracts made to cover the first stage of the work have proved to be very satisfactory from Government's point of view and there is every reason to believe that had the placing of the contracts been deferred for one year the cost of the work would have been substantially enhanced owing to the increase in prices of building materials, etc., that occurred during 1936-37.

The special method of tendering and contracting is not being resorted to in respect of any later contracts for this project.

9. It will perhaps be appropriate to refer here to the four instances given in paragraph 38 of the Audit Report in which it is suggested that the interests of Government were not fully safeguarded.

Item (1) refers to the price of cement and suggests that as the offer received from a Cement Combine to supply all cement required at Quetta at a reduced price had not been formally accepted by Government by the time all tenders were due, steps should have been taken to ascertain specifically from each contractor whether the tenders were based on that reduced price. The M. E. S. authorities maintain however that there is every reason to believe that all the tenderers were fully aware of the Company's offer and in their own interests must have allowed for it in their tenders. Nevertheless it would perhaps have been more satisfactory if each tenderer had been asked by the M. E. S. authorities to confirm the assumption that his tender had been based on the reduced price for cement.

Item (2).—The rate in question was it is understood a manifestly absurd one which would certainly have been corrected in the course of the preliminary scrutiny of tenders had it not been inadvertently overlooked. To have compelled the contractor to carry out the work at this rate would have inflicted a severe loss upon him which was considered inequitable.

Item (3).—The items of work referred to here were not such as could be linked with a 'key' or any particular building, being common to a number of buildings generally of widely different types. It was therefore not possible to associate any one fractional increase or decrease (see paragraph 7 above) with works of this nature. This difficulty was not foreseen when the contracts were drawn up and the local authorities therefore agreed to pay for such work at the actual rates as entered in the schedule. Their action in this matter has been confirmed by the Government of India. Although at the time it could not be foreseen whether the adoption of the actual rates would be to the financial advantage of Government or the contractors, the M. E. S. authorities now maintain that Government will eventually be found to have had the best of the bargain since generally speaking the fraction in question tended to exceed unity which meant payment at rates higher than those entered by contractors in their schedules. Conclusive evidence in support of this assertion is not yet available.

Item (4) (a).—Although the special construction of buildings for the R. A. M. C. and I. H. C. Institutes at Government expense is not normally authorised since surplus accommodation can usually be found for such institutes, in the special conditions obtaining at Quetta where no surplus buildings could be made available, the Government of India accepted the necessity for providing such buildings and they were in fact specifically included in the administrative sanction accorded by them to the project. In these circumstances it is open to question whether there was any necessity to obtain separate sanctions for such normally unauthorised buildings. In the Audit Report it is suggested that an understanding existed to the effect that separate Government sanctions would be issued for all such unauthorised items, but whether such an understanding existed or not cannot now be ascertained. In any

case no blame attaches to the local authorities for, acting on the authority contained in the administrative approval.

Item (4) (b).—As regards the construction of 18 Class D quarters, this was certainly irregular and was due to a mistake on the part of the local authorities. Fortunately a large number of such quarters has still to be put up and there will be no difficulty in utilising these 18 quarters against the additional requirements.

10. The original budget allotment for expenditure on Quetta Reconstruction during 1936-37 was Rs. 50 lakhs. It may here be mentioned that although by far the greater portion of the expenditure debit to Head 12—Quetta Reconstruction relates to expenditure in Quetta itself a small portion consists of the cost of buildings constructed at other stations for certain units and families displaced by the earthquake. The provision of Rs. 50 lakhs in 1936-37 included a sum of Rs. 11 lakhs for building permanent accommodation at Chaklala required by an R. A. F. unit located at Quetta at the time of the earthquake. Owing to an unforeseen delay in the acquisition of the site this portion of the programme could not be carried out during the year. This accounted for the bulk of the difference between the original grant and the actual expenditure (Rs. 38,69,000). Further detailed explanations of this difference are given in the Appropriation Accounts.

The budget allotment for work done at Quetta during 1936-37 amounted to Rs. 34,47,000. Judging from the fact that there was a net excess of Rs. 3,000 only, it seems reasonable to conclude that the control of expenditure was remarkably efficient.

11. Before reconstruction could start the old buildings had to be demolished and cleared. This work was carried under departmental arrangements. By using a type of Karrier Lorries which had become obsolete but were good enough for this rough work the cost of clearance was kept down to an average figure of 12 annas a ton. Salvaged materials were used in the construction of temporary accommodation and of such permanent work as service drains in which serviceable bricks could be incorporated. Steel work in the Hangars having been undamaged was left standing in order that it might be used *in toto* in new construction. Having regard to the very abnormal conditions under which the work was carried out and the extreme urgency of getting on with the reconstruction there seems to be no doubt that all possible steps were taken to keep down expenditure to the lowest possible limit.

APPENDIX XXVI.

Annual Certificate of the Quartermaster General in India.

I certify that on 31st March, 1938, the war reserves of Stores authorised by the Government of India to be held at date for the mobilization of the Army in India, 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 shewn in the attached annexure.

B. R. MOBERLY, *Lieut.-General,*
Quarter Master General.

The 30th May, 1938.

Annexure to the Certificate, dated 30th May, 1938.

Vehicles—

The deficiencies in the authorised numbers of M. T. vehicles to be held in mobilization reserve :—

| | Nos. |
|---|------|
| (i) Motor cycles, solo | 30 |
| (Re-organization of Indian Cavalry regiments) | 24 |
| Mechanization of " F " Battery, R. H. A. | 6 |
| | 30) |

Orders for 30 Norton motor cycles, solo, have been placed.

| | |
|---|----|
| (ii) Lorries, 30-Cwt., 6-wheeled | 15 |
| (a) Indianization, Indian Signal Corps, 1936-37 | 4 |
| (b) Mechanization of Draught Cable Section, Corps Signals | 4 |
| (c) Mechanization of " F " Battery, R. H. A. | 3 |
| (d) Indianization, Indian Signal Corps, 1938-39 | 4 |
| | 15 |

(a), (b) and (d). The deficiency will be met from the type 15 lorries which will be released by 2 Cavalry Brigade M. T. Companies on replacement by new vehicles.

(c) The deficiency will be met when the 11 lorries on order in connection with the mechanization of " F " Battery, R. H. A., will be delivered.

| | |
|------------------------------------|---|
| (iii) Lorries, disinfector | 4 |
|------------------------------------|---|

The deficiency will not be made good.

Mobilization equipment of supply units—

Statements shewing surpluses and deficiencies of equipment of supply units have been received from all commands except Western Command and have been forwarded to M. G. O. Branch for costing.

War equipment for P. O. L. sections is being provided—funds having been allotted.

Animals—

250 M. A. mules are deficient due to the fact that these are purchased in America in the cold weather and purchases under current Budget estimates are not made until next winter.

APPENDIX XXVII**Annual Certificate of the Master-General of the Ordnance in India.**

I certify that on 31st March 1938

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.

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.

The stocks of 18-pr. ammunition held do not cover the requirements of Royal Horse Artillery Batteries which are temporarily armed with 18-pr equipments whilst the question of their rearmament is still under consideration.

3. Materials and semi and fully manufactured articles specially set apart or provided from within the factory budget or from funds specially allotted are complete : also tools and machinery provided from any special allotment of funds were complete. Calculation of deficiencies in the War Maintenance Reserves of Ordnance and Clothing Factories is in hand.

C. C. ARMITAGE, *Lieut.-General,*
Master-General of the Ordnance in India.

The 25th May, 1938.

Report of the Public Accounts Committee on the Accounts of 1936-37,
Volume I—Report, Part II—Railways.

COMPOSITION OF THE COMMITTEE ON PUBLIC ACCOUNTS, 1938.

Chairman.

1. The Hon'ble Sir JAMES GRIGG, K.C.B., K.C.S.I., .. Finance Member.

Elected Members.

Date of Election.

- | | | |
|---|----|---------------------|
| 2. Mr. UMAR ALY SHAH | .. | 25th February 1938. |
| 3. Mr. B. DAS | .. | 25th February 1938. |
| 4. Sirdar JOGENDRA SINGH | .. | 25th February 1938. |
| 5. Professor N. G. RANGA | .. | 25th February 1938. |
| 6. Mr. S. SATYAMURTI .. | .. | 25th February 1938. |
| 7. Bhai PARMA NAND | .. | 25th February 1938. |
| 8. Captain Sardar Sir SHER MOHAMMED KHAN, C.I.E., M.B.E. | | 25th February 1938. |
| 9. Mr. J. RAMSAY SCOTT | .. | 25th February 1938. |

Nominated Members.

Date of nomination.

- | | | |
|--|----|------------------|
| 10. Dr. R. D. DALAL, C.I.E. | .. | 17th March 1938. |
| 11. Khan Bahadur SHAIKH FAZL-I-HAQ PIRACHA | .. | 17th March 1938. |
| 12. Khan Bahadur Sir ABDUL HAMID, C.I.E., O.B.E. | .. | 17th March 1938. |

REPORT OF THE PUBLIC ACCOUNTS COMMITTEE.

PART II—RAILWAY ACCOUNTS.

Financial results of the year.—The following table compares the original and the revised estimates with the actual expenditure incurred during the year under report :—

| | (Lakhs of Rupees.) | | |
|--|--------------------|----------|----------|
| | Budget. | Revised. | Actuals. |
| (1) Traffic receipts (less refunds) | 91.25 | 95.00 | 95.49 |
| (2) Miscellaneous receipts | 2.05 | 1.14 | 1.15 |
| (3) Working expenses | 64.53 | 63.90 | 63.38 |
| (4) Miscellaneous expenditure | 1.10 | 1.26 | 1.24 |
| (5) Interest charges | 31.11 | 30.83 | 30.81 |
| (6) Surplus (+) or Deficit (—) | —3.44 | +15 | +1.21 |
| (7) Contributions to general revenues | .. | .. | .. |
| (8) Payments to (+) or withdrawals from Reserve | .. | .. | .. |
| (9) Loans from (+) or repayments to (—) Depreciation Reserve Fund. | +3.44 | —15 | —1.21 |

The year's working thus resulted in a surplus of Rs. 121 lakhs, the first since 1930-31. The first charge against this surplus according to the Convention of 1924 was the repayment of the loan taken from the Depreciation Fund in previous years to meet deficits and no contribution was available to general revenues.

2. Excesses over voted grants.—There were five excesses over voted grants as compared with four in the previous year :—

| Grant. | Final grant. | Actual expenditure. | | Excess. |
|--|--------------|---------------------|-------------|---------|
| | | Rs. | Rs. | |
| 1 Revenue—Railway Board | 8,80,000 | 8,95,213 | 15,213 | |
| 4. Revenue—Refunds | 15,35,000 | 18,60,032 | 3,25,032 | |
| 5. Revenue—Payments to Indian States and Companies | 3,48,68,000 | 3,52,76,927 | 4,08,927 | |
| 6. D.—Revenue—Working expenses—Maintenance of Ferry Steamers and Harbours .. | 28,75,000 | 28,80,164 | 5,164 | |
| 9 A.—Repayments to Depreciation Reserve Fund | .. | 1,20,58,909 | 1,20,58,909 | |

Brief explanations of these excesses are given below—

Grant No. 1.—The excess was due to additional printing charges and to payment of house rent allowances to extra temporary staff engaged during the year.

Grant No. 4.—The excess was largely due to more refunds consequent on increase in earnings. It was also partly due to certain items of refunds having been wrongly classified in the budget as reduction of earnings.

Grant No. 5.—The excess was due to the improvement in earnings which resulted in an increase in the net earnings payable to worked lines, companies and Indian States.

Grant No. 6D.—The small excess was due to more expenditure on the Bengal-Nagpur Railway on account of the strike.

Grant No. 9A.—The excess was the result of improvement in earnings which converted the original estimated deficit of Rs. 3,44 lakhs into a surplus of Rs. 1,21 lakhs. A vote of the Legislature for the transfer of this surplus to the Depreciation Reserve Fund was not obtained in the belief that it was not constitutionally necessary.

We recommend that the necessary excess grants be voted by the Legislative Assembly.

3. *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 to only some of the more important questions considered in the course of our discussions.

4. *Accuracy of budgeting and control of expenditure.*—The accounts of the year show a total saving of Rs. 1,36 lakhs or 1.33 per cent. under revenue expenditure (exclusive of withdrawals from and repayments to Depreciation Reserve Fund) and a saving of Rs. 2,10 lakhs or 18.39 per cent. under capital expenditure. This compares as follows with the results achieved in the four preceding years:—

| Year. | (Lakhs of Rupees.) | | |
|---|--------------------------------|----------------------------|----------------------------------|
| | Final grant and appropriation. | Savings (—) or Excess (+). | Percentage of column (3) to (2). |
| 1 | 2 | 3 | 4 |
| <i>Expenditure charged to revenue (excluding appropriations to and from Depreciation Reserve Fund).</i> | | | |
| 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 |
| 1936-37 | 1,02,51 | —136 | 1.33 |
| <i>Expenditure charged to capital.</i> | | | |
| 1932-33 | 19,55 | —266 | 13.60 |
| 1933-34 | 17,34 | —303 | 17.42 |
| 1934-35 | 19,25 | —484 | 25.14 |
| 1935-36 | 15,02 | —324 | 21.57 |
| 1936-37 | 11,42 | —210 | 18.39 |

The position with regard to capital grants was better than that of previous years but still left considerable room for improvement. However this was the first year in which the procedure of lump sum cuts was introduced and we are gratified to learn that in 1937-38 very much more accurate results were obtained,

a fact which clearly shows the usefulness of the procedure adopted. However in view of the practical difficulties inherent in a system which involves the execution and financing of capital works on a year-to-year basis and the lapsing of provision on the 31st March of each year, we suggest that the Auditor General and the Financial Commissioner should examine the suitability of introducing for railway capital expenditure procedure providing for a development fund on the lines of that recently adopted for the Posts and Telegraphs Department and for the Legislature to be informed in advance so far as may be practicable, not only of the full programme of the work but also of the progress to be made from year to year, and should let the Committee have a report for consideration next year.

5. *Revision of Railway Codes.*—We were glad to learn of the progress made in the work of revising the Railway Codes, but from the criticism of the Auditor General in relation to these regulations we are of the opinion that there is scope for considerable curtailment without loss of protection to individuals or of reasonable uniformity in practice. We therefore suggest that during the further stages of the work the railway authorities should consider the cutting down of the Codes to the maximum possible extent consistent with efficiency and the interests of the staff.

6. *Ticketless Travel.*—We learned from the Chief Commissioner of the measures taken to check the practice of ticketless travel. We appreciate the difficulties involved in dealing with this problem especially those arising at unfenced wayside stations with no separate checking staff, but we hope that the administrative measures now being adopted will be unremittingly pursued and intensified.

7. *Railway Accounts Department.*—With reference to the changes contemplated in the organisation of the Railway Accounts Department, the Committee were informed that the Auditor General saw objection to the scheme being put into force as a whole without preliminary trial, particularly as he was still not convinced that the result would not be a weakening of financial control. At the same time he realised that there was a body of expert opinion in favour of the scheme and that the difference between the two views could not be resolved without some form of experiment. He had therefore concurred in the arrangement being tried experimentally without prejudice however to any of the objections which he had previously entertained.

We agree, one member however dissenting, with the Auditor General that the new arrangement may be tried out subject to the following conditions :—

- (a) Government should not extend the experiment beyond two railways without further reference to the Committee.
- (b) It should be made clear that the Chief Accounts Officer's functions include the tendering of financial advice to the General Manager and are not limited to technical questions of accounting. We suggest that his designation should be changed to Financial Adviser and Chief Accounts Officer.
- (c) It should be made clear beyond the possibility of misunderstanding that the Chief Accounts Officer will have access to the Financial

Commissioner in all important matters on which he is in disagreement with the General Manager not only as regards accounting regularity but also on questions of financial prudence.

- (d) That the Auditor General should keep in touch with the experiment and make a report to Government as early as possible on the working of the experiment and that Government should lay this report together with their conclusions upon it before the Public Accounts Committee.
- (e) That the Financial Commissioner should keep in close personal touch with the experiment and report at once to Government should he see any signs of weakened financial control.

8. *Revised estimates for works.*—We were struck by the large variations in the cost of the construction of works carried out some years after the date of preparation and sanction of the estimates, mainly due to the fall in prices that had occurred during that period. We consider that when a work is in progress for a number of years and it becomes clear that there is going to be a substantial reduction in the cost, revised estimates should be prepared and a fresh sanction obtained, and we should be glad if the Director of Railway Audit would examine this question and let us have a report next year.

9. *Acknowledgments.*—We wish to record our appreciation of the excellence of the Chief Commissioner's Review and the ready assistance he has rendered to us in our task. We also wish to thank the Auditor General for the very great assistance which we have received from him throughout our proceedings.

**Proceedings of the first meeting of the Public Accounts Committee held on
Thursday, the 14th July, 1938, at 11 a.m.**

PRESENT :

The Hon'ble Sir JAMES GRIGG, K.C.B., K.C.S.I., Finance Member, *Chairman*

| | | |
|--|---|-------------------|
| Mr. UMAR ALY SHAH. | } | <i>Members.</i> |
| Mr. B. DAS. | | |
| Sirdar JOGENDRA SINGH. | | |
| Prof. N. G. RANGA. | | |
| Mr. S. SATYAMURTI. | | |
| Bhai PARMA NAND. | | |
| Captain Sardar Sir SHER MOHAMMED KHAN, C.I.E., M.B.E. | | |
| Mr. J. RAMSAY SCOTT. | | |
| Dr. R. D. DALAL, C.I.E. | | |
| Khan Bahadur Sir ABDUL HAMID, C.I.E., O.B.E. | | |
| Mr. L. WILSON, Chief Commissioner, Railways. | } | <i>Witnesses.</i> |
| Mr. B. M. STAIG, C.S.I., I.C.S., Financial Commissioner, Railways. | | |
| Mr. T. S. SANKARA AIYAR, Director of Finance, Railway Board. | | |
| Mr. V. S. SUNDARAM, Controller of Railway Accounts. | | |
| Mr. A. C. BADENOCH, C.S.I., C.I.E., I.C.S., Auditor General of India. | | |
| Mr. T. K. RAJAGOPALAN, Director of Railway Audit. | | |
| The Hon'ble Sir JOHN NIXON, K.C.I.E., C.S.I., I.C.S., Finance Secretary. | | |

With regard to the publication of the proceedings, the Committee authorised the issue of summaries under the direction of the Chairman.

2. The Committee first considered the statement (Appendix I) showing action taken or proposed to be taken on the recommendations made by them in previous years.

3. *Delay in the submission of completion reports.*—The report by the Railway Board on the effect of their orders regarding the prompt submission of completion reports (Appendix III) was considered, and the Committee noted with satisfaction the earlier closing of accounts brought about by the adoption of the procedure now enforced.

4. *Revision of Railway Codes.*—In connection with the memorandum on the compilation of State Railway Codes (Appendix IV) furnished by the Railway Board, the size of the Codes elicited criticism. The Auditor General

stated that the Director of Railway Audit was pointing out that there was a tendency for over-elaboration and was suggesting that the necessity for certain sections should be examined. The Chief Commissioner agreed that the increase in the number of regulations slowed down the administration, and from the point of view of efficiency they should be restricted to essentials. Some members observed that simplification of the regulations might tend to place too much power in the hands of subordinate authorities and that as the greater part of the work of compilation had now been completed it might be better to leave them in their present form. It was explained that simplification would not in any way prejudice the interests of the staff. The work done up to now had been useful in that the relevant material had been collected in one place and there was now an excellent opportunity to cut out all unnecessary sections. On this the Committee agreed to recommend that during the further stages of the work the drafting authority should consider the cutting down of the Codes to the maximum possible extent consistent with efficiency and the interests of the staff.

5. *Auction sales on railways.*—With regard to the note on the working of the instructions issued by the Railway Board regarding auction sales on railways (Appendix V), it was explained that insurance companies were not prepared to undertake the risk of insolvency of auctioneers, and that to require the firms to sign supplementary agreements providing for payment within a week and for the amounts realised to be held as a trust fund was all that was practicable. It was not improbable that the imposition of more stringent conditions would materially reduce the prices realised and on business principles the railways should themselves carry the slight risk involved. As, however, it was understood that the G. I. P. practice secured the payment of the price to the railway before the material sold were received, the Railway Board were making enquiries to ascertain how the difficulties apprehended in following this procedure on the E. I. R. were surmounted on the G. I. P. and would consider the matter finally in the light of the information received. The result would be reported to the Committee in due course.

6. *Action taken on the Pope Committee's Report.*—In connection with the report on the subject (Appendix VI), it was explained that, by the methods of pooling adopted, a more intensive use both of locomotives and of coaching stock was made possible, and that a reduction in repair sheds was being tried in certain sections as an experiment.

The Committee were informed that the replies received from all broad gauge railways reviewing the position with regard to uneconomical wagons were receiving the Railway Board's attention and an investigation into the relative cost of maintaining different types of wagons was being carried out. The Committee desired that a report should be submitted as soon as the review was completed.

As regards ticketless travel, the Chief Commissioner stated that the appointment of additional ticket collecting staff and intensive checking had an immediate effect, and that every effort was being made within the existing law to reduce the possibility of evasion. The Committee considered that the action taken was salutary, and expressed the hope that administrative measures would be pursued and intensified.

7. *Saloons maintained for the use of railway officers.*—The note by the Railway Board (Appendix VII) was considered and the Chief Commissioner stated that no saloons for the use of railway officers were being built in the current year and that only ordinary repairs were being carried out to those already in existence. The Committee stressed their view that the number of saloons should be kept down to the minimum required for the efficient despatch of railway work and desired that a further report should be submitted next year.

8. *Free passes for railway officials.*—In considering the note of the Railway Board (Appendix VIII) comment was made that, though there had been a considerable decrease in the number of free passes issued as compared with the year 1932-33, there had been an increase in certain categories during 1937 despite the introduction of the revised rules. It was, however, pointed out that the figures for 1936-37 were not strictly comparable, and the Committee desired to have for comparison a further return next year.

9. *Lump sum cuts made in the estimates by the Railway Board.*—In considering the note by the Railway Board on the results on the working of lump sum cuts in the estimates of Capital and Depreciation Fund expenditure (Appendix IX), the increasing improvement due to the application of lump sum cuts was noted by the Committee, and it was stated that the system was now applied by the Railway Administrations themselves and an additional cut, where necessary, was made by the Financial Commissioner.

The Committee adjourned at 1-15 p.m.

Proceedings of the second meeting of the Public Accounts Committee held on Thursday, the 14th July, 1938, at 2-30 p.m.

PRESENT :

The Hon'ble Sir JAMES GRIGG, K.C.B., K.C.S.I., Finance Member, *Chairman.*

Mr. UMAR ALY SHAH.

Mr. B. DAS.

Sirdar JOGENDRA SINGH.

Prof. N. G. RANGA.

Mr. S. SATYAMURTI.

Bhai PARMA NAND.

Captain Sardar Sir SHER MOHAMMED KHAN,
C.I.E., M.B.E.

Mr. J. RAMSAY SCOTT.

Dr. R. D. DALAL, C.I.E.

Khan Bahadur Sir ABDUL HAMID, C.I.E., O.B.E.

Mr. L. WILSON, Chief Commissioner, Railways.

Mr. B. M. STAIG, C.S.I., I.C.S., Financial Commissioner, Railways.

Mr. T. S. SANKARA AIYAR, Director of Finance, Railway Board.

Mr. V. S. SUNDARAM, Controller of Railway Accounts.

Mr. A. C. BADENOCH, C.S.I., C.I.E., I.C.S., Auditor General of India.

Mr. T. K. RAJAGOPALAN, Director of Railway Audit.

The Hon'ble Sir JOHN NIXON, K.C.I.E., C.S.I., I.C.S., Finance Secretary.

Members.

Witnesses.

10. The Committee continued consideration of the statement showing action taken or proposed to be taken on previous year's recommendations.

11. *Expenditure on renewals and replacements of worked lines for which no depreciation fund is maintained.*—In connection with the note submitted by the Railway Board on this subject (Appendix X), the Financial Commissioner stated that the Director of Railway Audit had raised afresh the question whether the expenditure on renewals and replacements should be charged to depreciation reserves or to working expenses. This was being considered. He was personally inclined to the view that the more correct procedure would be to debit this expenditure to working expenses.

12. *Budgeting for depreciation and interest charges to avoid large variations between estimates and actuals.*—In connection with the note on the subject (Appendix XI), it was explained that the adoption of the suggestion that interest charges should be calculated on the previous and not on the current year's capital outlay would not necessarily secure correspondence between the budget estimates and the actuals and would moreover cause a loss to general revenues. The Committee agreed that for a commercial department it was

desirable that the amounts adjusted should relate to the year of account but suggested that the Auditor General might look into the accounting arrangements so as to avoid having large variations between the actual adjustment for transfers to and from the depreciation reserve fund and the estimates for these transfers. The Auditor General undertook to have this done.

13. *Tatanagar Workshops*.—The Committee considered the note furnished by the Railway Board (Appendix XII) and desired that a further report should be submitted next year on the progress being made in utilising the Tatanagar Workshops to their full capacity.

14. *Financial Control*.—With reference to the instructions issued by the Railway Board regarding control over expenditure, a discussion was started on the suggestion that, as recommended by the Wedgwood Committee, the experiment might be tried on two selected railways of placing the Chief Accounts Officers under the control of the Agents of Railways instead of under the Financial Commissioner, Railways. The Auditor General stated that while on principal he had always been against transferring the control of the Chief Accounts Officers from the Financial Commissioner to the Agents of Railways as railways are not only commercial concerns but undertakings subject to the control of the Legislature, he had agreed after a conference between the Chief Commissioner, Financial Commissioner and the Auditor General, that with the constitution of the Federal Railway Authority "on business principles" there would be no objection to this change from the point of view of audit; he considered further that it was justifiable to try the experiment in advance on two railways and that there were definite advantages to be gained from adopting this course. Some members were opposed to this course of action, and it was agreed that after the memorandum on the subject had been circulated to members the matter should be discussed further at the next meeting.

15. *Suburban Electrification*.—After considering the report by the Railway Board on the financial results of the Electrification Schemes of the South Indian, G. I. P. and B. B. and C. I. Railways (Appendix XIII); the Committee agreed that the results showed considerable improvement and that for the future the special reports on this subject might be discontinued on the understanding that, if any marked deterioration occurred at a later stage, the Director of Railway Audit would report the matter.

COMMENTS OF THE AUDITOR GENERAL ON THE APPROPRIATION ACCOUNTS (APPENDIX II).

16. *Surplus for the year 1936-37*.—It was explained that while the allocation of the railway surplus with effect from the year 1937-38 was determined by the Moratorium resolution passed by the Legislature in its Simla session, 1937, the surplus of 1936-37 was allocable under the Convention of 1924 and the first charge against it was the repayment of the debt to the Depreciation Fund, to which it had accordingly been devoted. The Government of India had been originally advised that a vote of the Legislature was not necessary to cover this transaction, but they had now agreed with the Auditor General that an appropriation was necessary. The Committee agreed to recommend an excess vote to regularise this appropriation.

17. *Allocation of expenditure on rolling stock.*—It was explained that a settlement had been reached in this matter with four Company-managed railways and that orders to them were about to issue. In regard to the B. B. & C. I. railway, certain points were still under discussion. The B. and N. W. R. held that the proposed convention was generally speaking in accordance with their existing practice but their attitude was that if in any particular case the application of the convention gave a result inconsistent with their contract the latter must prevail.

CHIEF COMMISSIONER'S REVIEW OF THE APPROPRIATION ACCOUNTS.

18. *Paragraph 8.*—The opinion was expressed by a member that with the coming of better times the railways might be inclined to incur excessive capital expenditure. It was explained that the capital expenditure now being incurred on open lines was confined to what was essential to the maintenance of efficiency, and there was no ground for apprehending extravagance.

19. *Paragraph 11—Changes in Classification.*—It was explained that in consequence of audit pointing out the rapid increase that was taking place in the capital at charge, a change had been made, the effect of which was that when an asset was replaced by a like asset the full cost of replacement and not merely the original cost was charged to the depreciation fund. This change had been made in consultation with the Public Accounts Committee.

20. *Paragraphs 13 and 14—Traffic Receipts.*—The Committee noted that there had been an improvement as compared with the previous year under each of the groups into which earnings were divided except passenger earnings. Goods earnings showed a marked improvement. It was pointed out by the Chief Commissioner that the deterioration in passenger earnings showed the effect of the competition of road traffic, to meet which increased facilities had been provided and fares reduced. He added that goods earnings would be adversely affected if long-distance goods traffic, to carry which the railways were fully equipped, was allowed to go to the roads.

21. *Paragraph 23.*—The Committee commented on the saving of about 71½ lakhs under Grant 6A.—Maintenance of Structural Works. It was explained that this was largely due to the important change in classification of the expenditure on replacements and renewals of assets which was formerly debited to working expenses but which, with the concurrence of the Public Accounts Committee, had been transferred to the depreciation fund from the 1st April 1936.

22. *Paragraph 38—Works expenditure not charged to revenue.*—In commenting on the total saving of more than 2 crores under Grants Nos. 11 and 12, the Committee considered that the Financial Commissioner in consultation with the Auditor General should examine the question whether capital expenditure should be financed from a fund so that the construction of works, which was continuous, should not be restricted by the arbitrary divisions of the financial year, provided arrangements can be made for the Legislature to be kept in touch not only with the full programme of work but also with the progress made in it from year to year.

The Committee adjourned at 5-30 p.m.

Proceedings of the third meeting of the Public Accounts Committee held on
Friday, the 15th July, 1938, at 11 a.m.

PRESENT :

The Hon'ble Sir JAMES GRIGG, K.C.B., K.C.S.I., Finance Member *Chairman*.

Mr. UMAR ALY SHAH.

Mr. B. DAS.

Sirdar JOGENDRA SINGH.

Prof. N. G. RANGA.

Mr. S SATYAMURTI.

Bhai PARMA NAND.

Captain Sardar Sir SHER MOHAMMED KHAN,
C.I.E., M.B.E.

Mr. J. RAMSAY SCOTT.

Dr. R. D. DALAL, C.I.E.

Khan Bahadur SHAIKH FAZL-I-HAQ PIRACHA.

Khan Bahadur Sir ABDUL HAMID, C.I.E., O.B.E.

Mr. L. WILSON, Chief Commissioner, Railways.

Mr. B. M. STAIG, C.S.I., I.C.S., Financial Commissioner, Railways.

Mr. T. S. SANKARA AIYAR, Director of Finance, Railway Board.

Mr. V. S. SUNDARAM, Controller of Railway Accounts.

Mr. A. C. BADENOCH, C.S.I., C.I.E., I.C.S., Auditor General.

Mr. T. K. RAJAGOPALAN, Director of Railway Audit.

The Hon'ble Sir JOHN NIXON, K.C.I.E., C.S.I., I.C.S., Finance Secretary.

Members.

Witnesses.

23. The Committee first took into consideration the memorandum supplied by the Railway Board (Appendix XIV) on the proposal to place the railways' account staff under the General Managers on two selected railways. The Chief Commissioner explained that this was the system on the Company-managed Railways where the financial control was certainly not worse and was probably better than that on the State-managed Railways, and that its adoption on the State-managed Railways had been recommended by a series of committees and experts. The Auditor General stated that, while he could not support a wholesale change to the proposed system at once, taking into consideration the weight of opinion in favour of the proposal he considered that to make the experiment on two selected railways was justified, and as a method of reconciling the two opposing views it would be useful both to the railway administration and to audit. Considerable discussion ensued during which the view was expressed that the present system which had been approved by the Legislative Assembly in 1925 under which the accounting staff was under the Financial Commissioner and not under the Agent provided a

valuable independent check, and that the proposed change would weaken the financial control exercised in the interest of the taxpayer. Against this it was pointed out that there would be no slackening of financial control in that the Railway Board would hold the General Managers really responsible for financial control in a way that was now impossible when the Chief Accounts Officer was responsible not to the General Manager but to an outside authority. The advantages of a single co-ordinated and harmonious administration with the Chief Accounts Officer as the Adviser in financial matters of the General Manager were stressed and it was explained that the Chief Accounts Officer would continue to have the right of access through the General Manager to the Financial Commissioner, and that any substantial financial proposal in regard to which the General Manager and the Chief Accounts Officer were not in agreement, would be placed before the Financial Commissioner with the views of the Chief Accounts Officer in his own language. On the understanding that this did not commit them in any way on the general question, the Committee finally agreed that the proposed experiment might be tried on two railways subject to certain conditions to be set out in the Report.

24. The Committee then continued their consideration of the Chief Commissioner's Review of the Appropriation Accounts of Railways in India.

25. *Paragraphs 42, 43, 44 and 45—Grant No. 12—Open Line Works.*—A member of the Committee drew attention to the savings under "Track Renewals", "Other Engineering and Structural Works" and "Rolling Stocks", to the extent of about Rs. $\frac{3}{4}$ crore under each, which was stated to be chiefly due to postponement or curtailment of schemes as a result of further examination after the budget or for such reasons as the late delivery of materials or the modifications of programmes due to a change in prices. It was explained that the system of lump sum cut had been introduced for the first time only in 1936-37 and that the occurrence of such large savings had been obviated in the following year when a larger cut has been made.

26. *Paragraph 47—Variations between the original and modified appropriations in expenditure on Open Line Capital Works.*—With reference to Annexure D to the Appropriation Accounts it was noted that there were 18 works for which specific provision had not been made in the budget, and though the actual expenditure incurred during the year on these works, which were mostly either nearing completion or had already been completed, was only about $\frac{1}{4}$ lakh, the Committee considered that there was room for improvement in this respect.

As regards the works for which provision had been made, the Committee noted that 25 $\frac{1}{2}$ lakhs had lapsed in two cases of relaying track a fact which was to be attributed to premature budgeting. It was also noted that modifications in the scope of work during the course of the year were partly responsible for savings in three cases, and the Committee agreed that it was a justifiable conclusion that greater conservatism should be shown in framing the budget provision for schemes the details of which at that time had not been completely determined.

27. *Paragraph 48—Works completed during the year.*—A member of the Committee drew attention to the relaying of 304.97 miles on the Itarsi-Agra Section of the G. I. P. Railway where the expenditure fell short of the

estimate to the extent of 26 per cent. It was explained that this was due to the fall in prices since the estimate for the entire project had been drawn up in 1929. The Committee considered that a revised estimate should be framed as soon as it became clear that there was going to be a substantial reduction in the cost of construction, and they desired that the Director of Railway Audit should examine this question and the advisability of framing separate estimates for sections of work that would extend over several years, before next year.

28. *Paragraph 58—Capital Statements.*—It was explained that the statement which gave the total of all capital heads showed the book value without indication of the real value of the assets. In discussion it was pointed out by the Chairman that it was this book value and not an estimate of the actual value of the assets to be taken over that would be the basis of the determination of the debt of the Federal Railway Authority to the Government of India under section 187 of the Government of India Act, 1935.

The Committee adjourned at 12-45 p.m.

Proceedings of the fourth meeting of the Public Accounts Committee held on
Friday, the 15th July, 1938, at 2-15 p.m.

PRESENT :

The Hon'ble Sir JAMES GRIGG, K.C.B., K.C.S.I., Finance Member, *Chairman.*

Mr. UMAR ALY SHAH.

Mr. B. DAS.

Prof. N. G. RANGA.

Mr. S. SATYAMURTI.

Bhai PARMA NAND.

Captain Sardar Sir SHER MOHAMMED KHAN,
C.I.E., M.B.E.

Mr. J. RAMSAY SCOTT.

Dr. R. D. DALAL, C.I.E.

Khan Bahadur Shaikh FAZL-I-HAQ PIRACHA.

Khan Bahadur Sir ABDUL HAMID, C.I.E., O.B.E.

Mr. L. WILSON, Chief Commissioner, Railways.

Mr. B. M. STAIG, C.S.I., I.C.S., Financial Com-
missioner, Railways.

Mr. T. S. SANKARA AIYAR, Director of Finance,
Railway Department.

Mr. V. S. SUNDARAM, Controller of Railway Ac-
counts.

Mr. A. C. BADENOCH, C.S.I., C.I.E., I.C.S., Audi-
tor General of India.

Mr. T. K. RAJAGOPALAN, Director of Railway
Audit.

The Hon'ble Sir JOHN NIXON, K.C.I.E., C.S.I.,
I.C.S., Finance Secretary.

Members.

Witnesses.

29. *Annexure B in the Chief Commissioner's Review.*—With reference to the defects in budgeting under Grant No. 6.-E.—Working Expenses—Expenses of the Traffic Department, it was admitted that the Railway Board's estimate had proved to be too low owing to insufficient collaboration between the authorities concerned, and it was stated that the matter had recently been examined in detail in consultation with the Director of Railway Audit and that special instructions were now being issued to railways to remove this defect in future.

As regards item (19), the over-estimates of the provision in the Stores Department under the heads "Indian Purchases" and "Issues", it was explained that meticulous accuracy in budgeting for stores was impossible but that a scheme for framing more accurate estimates in the stores budget had been prepared and circulated to three selected railways for examination and opinion.

30. *Annexures C and D.*—The statement showing percentages of ordinary working expenses to earnings in respect of the State-owned Railways for the years 1929-30 to 1936-37 was examined. The Committee, while realising that it was not possible to draw comparison between different railways working under different conditions and handling different classes of traffic, considered that the

figures supplied a useful comparison in respect of each particular railway from year to year. They considered that an increase in the percentage of working expenses to earnings called for examination and desired that the Chief Commissioner should consider the possibility of including in his review explanations of variations in the ratio of working expenses to earnings which were not apparent on the face of the statement.

31. *Annexure E.—Stores Balances.*—A member of the Committee drew attention to the increase in Stores of the North-Western—Commercial from Rs. 1,52 lakhs in 1935-36 to Rs. 1,79 lakhs in 1936-37, and the Committee desired that the reason for this increase should be ascertained and reported to them before next year.

Railway Audit Report.

32. *Paragraph 2—Indents in excess of advance allotment approved by the Standing Finance Committee.*—It was explained that owing to the difficulties experienced that year in estimating for imported and other stores the full information was not obtained till it was too late to obtain the approval of the Standing Finance Committee for the excess required, so that one of the steps normally taken had had to be omitted and the action taken was subsequently regularised by the vote of the Legislature. The whole question of the advance grant for stores was under investigation by the Financial Commissioner at the suggestion of the Standing Finance Committee.

33. *Paragraph 11 (ii)—Contribution to Provident Fund and Gratuities.*—It was noted that the position in regard to budgeting for contributions to provident funds had considerably improved but that the budgeting of the original grant for gratuities required greater attention.

34. *Paragraph 23—Payment to contractors on arbitration.*—It was stated that the question of the precautions to be adopted for the future and the responsibility of the officers concerned in this case was being investigated and a report would be submitted next year.

35. *Paragraph 34—Loss through forfeiture of lease of a colliery.*—It was explained that though the statement of coal raisings had been sent to the lessor company, no bill was submitted despite the Administration's request that this should be done, and instead the company sent a notice terminating the lease and instituted a case for possession. Though the company was decreed possession by the lower court, the appellate court set aside this order and thus vindicated the action of the Railway Administration. The Committee agreed that if the legal implications had been fully appreciated the loss incurred on account of the litigation could have been prevented, and that the action taken to prevent recurrence was adequate.

Appropriation Accounts.

36. *Page 23—Grant No. 6-B.*—With reference to the variation between the appropriation and the actual expenditure due to the adjustment on account of the loss on working railway collieries having been less than anticipated, the Committee suggested that this loss might be adjusted on the basis of the costs of the previous year and desired that this should be examined before next year.

The Committee adjourned at 5 p.m.

Proceedings of the fifth meeting of the Public Accounts Committee held on Monday, the 18th July 1938, at 11 a.m.

PRESENT :

The Hon'ble Sir JAMES GRIGG, K.C.B., K.C.S.I. Finance Member.
Chairman.

| | | |
|---|---|------------|
| Mr. UMAR ALY SHAH, | } | Members. |
| Mr. B. DAS, | | |
| Sirdar JOGENDRA SINGH, | | |
| Prof. N. G. RANGA, | | |
| Mr. S. SATYAMURTI, | | |
| BHAI PARMA NAND, | | |
| Captain Sardar Sir SHER MOHAMMED KHAN, C.I.E., M.B.E., | | |
| Mr. J. RAMSAY SCOTT, | | |
| Dr. R. D. DALAL, C.I.E., | | |
| Khan Bahadur Shaikh FAZL-I-HAQ, Piracha Khan Bahadur Sir ABDUL HAMID, C.I.E., O.B.E. | | |
| Mr. L. WILSON, Chief Commissioner, Railways, | } | Witnesses. |
| Mr. B. M. STAIG, C.S.I., I.C.S., Financial Commissioner, Railways, | | |
| Mr. T. S. SANKARA AYYAR, Director of Finance, Railway Department, | | |
| Mr. V. S. SUNDARAM, Controller of Railway Accounts, | | |
| Mr. A. C. BADENOCH, C.S.I., C.I.E., I.C.S., Auditor General of India, | | |
| Mr. T. K. RAJAGOPALAN, Director of Railway Audit, | | |
| The Hon'ble Sir JOHN NIXON, K.C.I.E., C.S.I., I.C.S., Finance Secretary. | | |

37. A member of the Committee enquired as to the savings that had been brought about by the work of the Standards Office. The Chief Commissioner pointed out that it was impossible to give figures of the gain to the railways. The Committee desired that a report should be furnished next year on the working of the Standards Office with particular reference to the value of the work in justification of the expenditure incurred.

38. The Committee then continued examination of the Appropriation Accounts, and with reference to Grant No. 6-C. at page 33 it was explained in answer to a question that experimental rail buses had been constructed by certain railways with car-engines, and though heavier expenditure on maintenance had outweighed the lower original cost in comparison with the imported rail buses, the experiments which were also being continued, were fully justified.

39. Page 67.—Comment was made on the large variations between appropriation and expenditure incurred during 1936-37 on Open Line Works, and

the explanation was given that this was partly due to the change of allocation as between the depreciation fund and revenue (working expenses) during the course of the year and partly to the difficulty of making estimates for work for the arbitrary period of the financial year. The Committee while willing to recognise the difficulties considered that the proper method of dealing with them was by the system of lump sum cut which had not been adequately applied in the year 1936-37.

40. *Page 74.*—In connection with the savings in State Railways managed by companies, which were stated to be due to non-completion of works and postponement of construction, the point was raised as to what means the Railway Board had to prevent the deterioration of the standards of maintenance on Company-managed Railways. It was explained that through the Government Inspectors proper standards of safety were insisted on, but as regards amenities there was no power of compulsion. The Government Examiner kept a watch over arrears of replacement of rolling stock. The Committee desired that the Railway Board should look into the matter and furnish a report next year on the control of the maintenance of standards of safety and amenities on Company-managed Railways.

41. *Page 86.*—With regard to the statement showing results of stock verification and re-valuation of stores, the Chief Commissioner suggested that a great deal of work would be saved if the annual revaluation of stores was discontinued and adjustments in accounts were made only when necessity arose. The Auditor General however considered this inadvisable in that it was a sound procedure to write down the value of stores each year. The Committee were disposed to agree that there was no reason for an alteration in the present practice.

42. *Annexure A.*—Adverse comment was made on the increase in the number of items of outstanding unsanctioned expenditure under nearly all heads. It was explained that a considerable number of these related to cases under litigation or to cases of disputed allocation with Company-managed Railways, and the Committee considered that to avoid unnecessary expenditure of time and labour the possibility of settlement of long-standing items by compromise should be considered.

There was some discussion over the question of works being started before the final detailed estimates had been sanctioned. The Committee appreciated that considerable delay was bound to occur if final detailed estimates had to be sanctioned in all cases before works could be started, but considered that it should be possible to require the submission of abstract estimates in greater detail than at present so that the variations between original and final estimates would be small. Sanction for the works could then be given on the abstract estimates. The Committee desired that this should be examined before the next year.

43. *Balance Sheets of Railway Collieries.*—A member drew the attention of the Committee to the fact that all except two or three collieries owned by railways showed a loss in the year 1936-37. It was explained that last year the orders given to outside collieries had been reduced and the orders placed with the railway collieries increased, so that with increased output the net

loss would be reduced. The Committee realised that the system under which railways owned and worked collieries was justified as a measure of controlling the price of coal supplies from the open market, but considered that the railways should continue to make every effort to make their collieries pay.

44. *Capital statements and profit and loss accounts of Tatanagar Workshops.*
—With reference to the statement of out-turn in the Tatanagar Workshops during 1936-37 at page 73, a member of the Committee enquired whether all possible work from all railways was being given to the Tatanagar Workshops. The Chief Commissioner stated that the Tatanagar Workshops were primarily designed for the manufacture of under-frames, and that all under-frames required for State and Company-managed Railways were being ordered from the Workshops. Reconditioning of wagons and construction of spare parts of under-frames were also done in this Workshop. The question whether the concentration in one shop of the making of drop-stampings, which the Wedgwood Committee recommended, could be done in this shop, was also being considered, and the Railway Board were examining the position as regards the manufacture of under-frames for railways which were not State-owned.

The Committee adjourned at 1-30 p.m.

APPEN

PART II.—

Statement showing action taken or proposed to be taken on recom

| Serial No. | Year of Report. | Paragraph of Report or Proceedings. | Recommendations or suggestions. |
|------------|-------------------------------|--|--|
| | 1934-35 1935-36 | 10-R. .. 4-P. | That a further report be submitted next year regarding the effect of the recent orders relating to the prompt submission of completion reports. |
| 2 | 1933-34 1935-36 | 14-R. .. 7-R. and 5-P. | That a further report be submitted next year regarding the progress made with the revision of the Railway Codes. |
| 3 | 1933-34 1934-35 1935-36 | 13-R. .. 8-P. 23-P. | That a further report be submitted next year regarding the arrangements for auction sales on the Eastern Bengal and East Indian Railways. |
| 4 | 1934-35 1935-36 | 12-P. .. 6-P. and 25-P. | That a further report be submitted next year regarding the action taken on the recommendations made by the Pope Committee. |
| 5 | 1934-35 1935-36 | 12-P. .. 9-R. and 26-P. | That a special enquiry be undertaken to see whether the number of saloons maintained for the use of railway officers could not be reduced and that a report on the subject be submitted next year. Also that pending the completion of the enquiry no further expenditure be incurred on renewals. |
| 6 | 1935-36 | 10-R. .. 31-P. | That a census of the number of free passes issued for railway officers be taken in 1937-38, if possible, or if that is not possible in 1938-39, and that the results be reported to the Committee. |
| 7 | 1935-36 | 6-R. 17-P. 41-P. 43-P. 51-P. | That the administrative and accounting authorities should collaborate in attempting to make the explanations given in the Appropriation Accounts more illuminating. |
| 8 | 1935-36 | 6-R. .. | That the Director of Railway Audit should in future indicate, in connection with the lists of questionable re-appropriations, etc., which of the items he still regards as unsatisfactory after considering the explanations of the administrative authorities. |
| 9 | 1935-36 | 2-P. .. | That further information be supplied regarding the working and results of the system by which lump cuts are made by the Railway Board in the estimates submitted by the various Railways. |
| 10 | 1935-36 | 12-P. .. | That the Railway Board should examine whether it was a fact, and if so whether it was correct, that no depreciation funds could or should be maintained for certain lines. |
| 11 | 1935-36 | 21-P. .. | That a further report be submitted regarding any remedial or disciplinary action which might be taken in connection with the wrong provision of a sum of Rs. 11 lakhs. |

DIX I.**RAILWAYS.***Recommendations made by the Central Public Accounts Committee.*

Action taken or proposed to be taken.

A Report on the subject has been submitted. (Appendix III.)

A memorandum has been submitted. (Appendix IV.)

This has been done. (Appendix V.)

This has been done. (Appendix VI.)

The question is being examined. (Appendix VII.)

A note has been submitted. (Appendix VIII.)

This has been brought to the notice of the authorities concerned.

The items considered unsatisfactory have been detailed as 'Defective re-appropriations' in paragraph 9 of the Railway Audit Report, 1938.

A note on the subject has been furnished. (Appendix IX.)

A note on the subject has been furnished. (Appendix X.)

A note on the subject has been furnished.

PART II.—

Statement showing action taken or proposed to be taken on recom-

| Serial No. | Year of Report. | Paragraph of Report or Proceedings. | Recommendations or suggestions. |
|------------|-----------------|-------------------------------------|--|
| 12 | 1935-36 | 34-P. | That the Director of Railway Audit should examine the possibility of securing more accurate budgeting under suspense heads (with special reference to a case relating to the B. B. and C. I. Railway) and should state the results of his examination in next year's Audit Report. |
| 13 | 1935-36 | 35-P. -- .. | 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 |
| 14 | 1935-36 | 48-P. | That a saving of Rs. 48,000, which was stated to be due to "non-filling up of vacancies" should be investigated and that it should be reported next year whether this saving could not have been anticipated at the time when the budget was prepared. |
| 15 | 1935-36 | 49-P. . . | That the Auditor-General should in consultation with the Railway Board investigate the possibility of modifying the present methods of budgeting for depreciation and interest charges with a view to avoiding large variations between the estimates and actuals. |
| 16 | 1935-36 | 52-P. -- .. | That in connection with Grants 11 and 12 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. |
| 17 | 1935-36 | 56-P. -- .. | That the Railway Board should make efforts to clear as soon as possible the older items mentioned in Appendix A (i) to the Appropriation Accounts, and to prevent any similar accumulation in future. |
| 18 | 1935-36 | 58-P. | That the Tatanagar workshops should if possible be given as much work as their present capacity and equipment permit them to undertake. |

RAILWAYS.

Recommendations made by the Central Public Accounts Committee—contd.

Action taken or proposed to be taken.

This was examined and the results have been stated in paragraph 11 (v) of the Railway Audit Report, 1938.

This has been done.

A note has been furnished.

A note on the subject has been furnished. (Appendix XI.)

This has been done.

This is being done.

A note on the subject has been furnished. (Appendix XII.)

APPENDIX II.

LETTER FROM THE AUDITOR GENERAL OF INDIA, TO THE FINANCE DEPARTMENT, GOVERNMENT OF INDIA, No. T-323-REP./10-38, DATED THE 11TH JUNE 1938.

SUBJECT :—*Appropriation Accounts (Railways) 1936-37 and the Audit Report, 1938.*

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 1936-37, 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 Statements, 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 1936-37.

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. *Surplus of the year 1936-37.*—The surplus amounting to Rs. 1,20,58,909 has been utilised towards repayment of the temporary loans taken from the Depreciation Reserve Fund in the previous years to meet deficits in working. A vote of the Legislature for the transfer of this surplus was not obtained. The original view of Government that a vote of the Legislature was not necessary was based on a misconception. The Government of India and the Auditor General are now agreed that a vote was necessary, and presumably Government will now take an excess vote to regularise the transfer.

5. *Allocation of expenditure on Rolling Stock.*—Attention has been drawn in the last four 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. No decision has yet been reached on this question. 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.

APPENDIX III.**Report by the Railway Board on the effect of their orders regarding the prompt submission of completion reports.**

In para. 4 of the Proceedings of the meeting of the Public Accounts Committee held on the 21st July 1937, the Committee desired to be furnished with a further report on the timely submission of completion reports specially with regard to the effect of the orders issued by the Railway Board in their circular letter No. 1444-W., dated the 10th April 1937, printed as Appendix III to Volume I, Part II, of their report on the accounts for 1935-36.

2. The reports received from the Railway Administrations show that on six railways, *viz.*, the Bengal Nagpur, Eastern Bengal, East Indian, Great Indian Peninsula, Madras and Southern Mahratta and North Western, taken together, it has been found possible, owing to the adoption of the procedure laid down in the Railway Board's letter quoted above, to close earlier the accounts of over 150 works. The Board consider this satisfactory. It is hoped moreover that even better results will be obtained in future.

3. There are no cases of delay on the Bengal and North Western and Rohilkund and Kumaon Railways which can be ascribed to the causes mentioned in the letter referred to in para. 1, and the Bombay, Baroda and Central India and South Indian Railways had already in force a procedure which ensured the closing of accounts with the minimum of delay.

APPENDIX IV.**Memorandum on the Compilation of State Railway Codes.**

At its meeting in July, 1937, the Public Accounts Committee desired that a further report be made on the progress of the work in connection with the compilation of State Railway Codes.

2. Since the last meeting of the Committee, the following codes have been issued :—

(i) Advance Chapters and Appendices of the State Railway General Code (p. 83) (These chapters deal with the allocation and classification of receipts and expenditure—both Capital and Revenue).

(ii) State Railway Establishment Code (p. 664).

(iii) State Railway Code for the Stores Department (p. 539).

3. The compilation of the following codes has been completed and the printing of the Codes is in progress :—

(i) State Railway Code for the Engineering Department (p. 420).

(ii) State Railway General Code, including Advance Chapters and Appendices (p. 430).

(iii) State Railway Code for the Mechanical Department (p. 280).

4. The drafting of the following codes is in progress :—

(i) State Railway Code for the Traffic Department (p. 300).

(ii) State Railway Code for the Accounts Department (p. 450).

5. The new codes incorporate the necessary forms, so that a separate Book of Standard State Railway Forms is no longer necessary.

6. Judging from the rate of progress so far, it is hoped to finish the work by about the 31st of March, 1939. This estimate, however, does not provide for the revision of the instructions regarding the preparation of railway statistics, as it is intended to take up the work only after the general question of revising railway statistical forms and returns has been considered by the Board.

APPENDIX V.

Note on the working of the instructions issued by the Railway Board regarding auction sales on railways.

The Public Accounts Committee in paragraph 23 of their Report on the accounts of 1935-36, Volume I, Part II—Railways desired to be furnished with a further report this year dealing with the question of auction sales on the East Indian and Eastern Bengal Railways with particular reference to the condition that the auction material should not be allowed to be removed until the full amount had been received from the auctioneers.

2. As the Committee are aware (*vide* Appendix V to the Report for 1935-36) the proposal to safeguard Government against loss of sale proceeds, through a Fidelity or Guarantee Bond, was being further examined by the railway administrations in view of the fact that no insurance company was prepared to undertake the risk against the insolvency of the auctioneers. The Railway Board now understand that it is not the policy of any reliable insurance company to insure against bankruptcy. In view of this and of some other amendments proposed by the insurance companies consulted the effect of which would be to multiply for practical purposes the safeguards in the terms of the Guarantee policy suggested by the Railway Board, the Government of India are tentatively of the opinion, subject to further consideration they are giving to this matter, that the insurance scheme should be dropped and necessary safeguards should be secured in some other manner.

3. The firms conducting the auctions on the East Indian and Eastern Bengal Railways are well established ones of sound financial standing and good reputation. In the circumstances, the railway administrations think that it would suffice if the firms are asked to sign supplementary agreements providing *inter alia*—

- (i) that payment of the sale money is made within a week of the date of delivery of the material auctioned ; and
- (ii) that the auctioneers shall hold the amounts realised as a trust fund for the benefit of the railway administrations, subject to the auctioneers' lien for any moneys payable to them under original agreements.

Barring insolvency, the proposed agreements appear to provide the necessary safeguards and in the event of any serious breach of their provisions, it should always be possible to seek relief in a court of law.

4. The supplementary agreements are at present under the consideration of the Railway Board, but pending their execution, the proposed methods are being followed on the East Indian and Eastern Bengal Railways and short *interim* agreements on these lines are being executed by the auctioneers in the case of each auction.

APPENDIX VI.

Action taken on the Pope Committee's Report.

Job-Analysis investigations were continued on most of the Railways during the year 1936-37 also in accordance with the recommendations made by Mr. Pope in 1933 and 1934. The table below shows the economies effected on each of the more important Railways and the cost of the 'Job-Analysis' organisation for the four years 1933-34, 1934-35, 1935-36 and 1936-37.

| Railways. | 1933-34. | | 1934-35. | | 1935-36. | | 1936-37. | | Totals. | |
|--------------------------------------|------------------------------------|-------------------|------------------------------------|-------------------|------------------------------------|-------------------|------------------------------------|-------------------|------------------------------------|-------------------|
| | Cost of Job analysis Organisation. | Savings effected. | Cost of Job analysis Organisation. | Savings effected. | Cost of Job analysis Organisation. | Savings effected. | Cost of Job analysis Organisation. | Savings effected. | Cost of Job analysis Organisation. | Savings effected. |
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| East Indian | 77,691 | 7,01,128 | 92,884 | 18,14,544 | 1,13,641 | 5,82,459 | 93,009 | 5,60,700 | 3,77,125 | 36,58,831 |
| Great Indian Peninsula | 50,680 | 4,16,000 | 64,000 | 2,04,246 | 53,574 | 2,04,859 | 19,554 | 9,69,224 | 1,93,808 | 17,93,329 |
| North Western | 32,000 | 12,66,749 | 46,006 | 12,37,376 | 56,729 | 7,22,202 | 40,056 | 33,35,092 | 1,74,791 | 65,61,419* |
| Eastern Bengal | 63,000 | 2,14,864 | 65,995 | 1,29,508 | 26,134 | 41,600 | 25,969 | 1,17,152 | 1,81,098 | 5,03,124 |
| Bombay, Baroda and Central India. | 58,789 | 3,52,862 | 35,300 | 11,41,696 | 3,643 | 2,25,682 | 247 | 8,27,666 | 97,979 | 25,47,807 |
| Madras and Southern Mahratta | 8,750 | 45,230 | 17,632 | 1,14,000 | 4,920 | 2,56,000 | 120 | 1,94,852 | 31,422 | 6,10,072 |
| South Indian | 19,580 | 27,400 | 2,180 | 25,000 | 221 | 8,463 | 504 | 7,585 | 22,485 | 68,448 |
| Burma | 7,500 | 26,871 | 26,615 | 73,352 | .. | 77,591 | .. | .. | 34,115 | 1,76,814 |
| Assam Bengal | 12,825 | 1,31,755 | 8,208 | 12,659 | 1,490 | .. | 7,065 | 24,146 | 29,588 | 1,68,560 |
| Bengal Nagpur | .. | .. | .. | .. | 17,575 | 13,68,493 | 2,617 | 66,330 | 20,192 | 14,34,823 |
| Totals including Burma Railways | 3,36,815 | 31,80,849 | 3,58,820 | 47,52,281 | 2,77,827 | 34,87,349 | 1,89,141 | 61,02,747 | 11,62,603 | 175,23,226 |
| Totals excluding Burma Railways | 3,29,315 | 31,54,978 | 3,32,205 | 46,78,929 | 2,77,827 | 34,09,758 | 1,89,141 | 61,02,747 | 11,28,488 | 173,46,412 |

* This figure is subject to revision.

† Figures not available.

2. Details of the action taken on some of the more important recommendations are given below :—

3. *Intensive use of locomotives.*—In the note placed before the Public Accounts Committee last year (Appendix IV in Part II of the Report of the Public Accounts Committee on the account of 1935-36) reference was made to the improved locomotive utilisation attained on the four State-managed Railways and, in illustration thereof, figures showing the average passenger engine miles per day per passenger engine during the years 1933-34, 1934-35 and 1935-36 were given. During 1936-37 further improvement was recorded on the Eastern Bengal, East Indian and North Western Railways while the Great Indian Peninsula Railway showed a slight set back on their previous high figure. The figures for the four years are as follows :—

| Year. | E. B. Railway. | E. I. Railway. | G. I. P. Railway. | N. W. Railway. |
|-----------------|----------------|----------------|-------------------|----------------|
| 1933-34 | 123 | 140 | 193 | 117 |
| 1934-35 | 147 | 141 | 197 | 122 |
| 1935-36 | 144 | 145 | 202 | 135 |
| 1936-37 | 148 | 147 | 199 | 142 |

In respect to the locomotive stock figures contained in the note referred to, improved traffic, which has in certain respects exceeded the highest recorded figures of 1928-29 and 1929-30, combined with the high cost of new locomotives at the present time, has necessitated a reconsideration of previously approved scrapping programmes and a limited replacement of stock already scrapped. The figures 294 locomotives on the Eastern Bengal Railway at the end of 1938-39 still holds but four new locomotives have been provided in the programme for 1939-40 in replacement of four locomotives already broken up. This, in effect, will increase the available stock of locomotives on the Eastern Bengal Railway at the close of 1939-40 from 294 to 298. In the case of the East Indian Railway, 13 locomotives previously selected for scrapping during 1938-39 are to be retained in service thereby increasing the number available at the close of this financial year from 1,529 to 1,542. In addition 15 new locomotives have been provided in the programme for 1939-40 in replacement of locomotives already broken up thereby raising the available stock figure at the end of 1939-40 to 1,557. The Great Indian Peninsula Railway figure of 729 locomotives will continue to hold until the end of the financial year 1939-40. In the case of the North Western Railway, 49 locomotives previously selected for scrapping without replacement are being re-examined with a view to the retention in service of those the condition of which warrants it. The available stock at the end of 1939-40 is, therefore, likely to be higher than the anticipated figure of 1,133 at the close of this financial year.

The better use of locomotives and the reduction in the number under repair, which is an essential step towards improved utilisation, were also recommended in the Indian Railway Enquiry Committee's report (1937) and further developments relating to this subject will be found detailed against paragraphs 47 (a), 47 (c) and 55 of the statement showing the action taken by the Railway Department (Railway Board) on the paragraphs in

Chapters III to XI of that Report, copies of which have already been furnished to members of the Committee. Since the preparation of the statement referred to, the inspection of locomotive servicing facilities on all broad gauge railways by the mechanical officer on special duty has been completed. The application of experimental bearings approved by the Board to locomotives is well advanced and the first locomotives conforming to those new designs have commenced to leave the workshops. Further meetings of Railway and Indian Stores Department metallurgists have been held and a Standing Committee constituted. Improvements in the technical control of non-ferrous metals are under consideration, and selected members of the Committee are undertaking original research.

4. *Intensive use of coaching stock.*—The attention of the Committee was previously drawn to the reductions effected in the coaching stock of State-managed Railways between 1933-34 and 1938-39. Further reduction to the extent of 92 units on the Great Indian Peninsula and North Western Railways during 1939-40 have been approved by the Railway Board. A method of centralised control of pooled mela stock and the charges to be levied for its hire has been formulated by the Operating Section of the Indian Railway Conference Association and will be considered by the Association at its next meeting.

As in the case of locomotives, the better use of coaching stock was recommended in paragraph 47 (c) of the Indian Railway Enquiry Committee's Report (1937) and further developments are recorded in the remarks of the Railway Board against this paragraph in the statement referred to in paragraph 3 above.

Another development was the formation of a special organisation on the Eastern Bengal Railway to examine the working of suburban rakes on the Budge-Budge Section. As a result of this examination, a re-planning of services and a reduction in the strength of rakes have released 150 bogie coaching vehicles and 18 four-wheeled coaching vehicles (the capital cost of which is Rs. 37,50,000). The revised arrangement is, however, at present only experimental.

5. *Intensive use of machinery and plant.*—The Board are investigating the possibility of centralising the manufacture of selected items. Concentration of the manufacture of cylinder castings for standard engines at Jamalpur was introduced some time ago. If reference is made to paragraph 7 it will be seen that although a proposal to centralise the manufacture of coaching bodies has had to be abandoned, the possibility of centralising the manufacture of drop stampings at the Tatanagar workshops is now under investigation.

6. *Uneconomical wagons.*—This subject was dealt with in paragraph 47 (g) of the Indian Railway Enquiry Committee Report (1937) and further developments are referred to in the Railway Board's statement. Since the statement referred to was prepared replies reviewing the position have been received from all broad gauge railways. These replies are now receiving the Railway Board's attention, and a decision has already been taken to recondition a further 4,000 high-capacity uneconomical wagons belonging to the Bengal Nagpur Railway.

The investigation into the incidence of wagon defects referred to in the previous note placed before the Public Accounts Committee has also been completed, as also a preliminary analysis of the data derived from the investigation. This analysis will shortly be considered by the Committee appointed for this purpose. This investigation is also referred to in the Railway Board's statement in connection with paragraph 47 (b) of the Indian Railway Enquiry Committee's report (1937).

7. *Combining resources between Railways.*—This subject is to some extent covered in paragraph 52 of the Indian Railway Enquiry Committee's Report (1937) and further developments are referred to in the Railway Board's statement in respect to that paragraph. The report on the concentration of drop stamps at Tatanagar referred to therein is still awaited from the General Manager, East Indian Railway. Material progress has been made with the introduction of "single control" at junction stations. The South Indian Railway has introduced this system for coaching and wagon stock at Jalarpet as a trial measure. The Great Indian Peninsula Railway has similarly introduced "single control" for carriages and wagons at Raichur, Cawnpore and Juhi with material savings in staff costs and the extension of the system to other junction stations is under investigation.

The Eastern Bengal and East Indian Railways have obtained extremely satisfactory results from the introduction of "single control" at Naihati and annual savings in excess of Rs. 22,000 annually are anticipated. This subject is also covered by paragraph 68 (d) (i) of the Indian Railway Enquiry Committee Report (1937).

8. *Ticketless travel.*—In the note previously placed before the Public Accounts Committee, reference was made to the Bill that had been introduced in the Legislative Assembly for amending the Indian Railways Act in order to permit of more effective steps being taken for the recovery of fares, etc. due from passengers travelling without proper tickets. This bill has since lapsed under the provisions of sub-order (2) of Standing Order 4 of the Legislative Assembly's Standing Orders, as no motion in regard to it was made during two complete sessions of the Assembly. The question of what further action should be taken in the matter is under consideration.

APPENDIX VII.**Note by the Railway Board regarding Reserved carriages maintained for the use of Railway Officers.**

In accordance with the wishes of the Public Accounts Committee expressed at their meeting in July last no proposals received from Railways for the provision of reserved officers' carriages during 1939-40 have been accepted by the Railway Board. Prior to the meeting referred to the Railway Board had decided that the rolling stock programmes submitted by Railways should in future contain data showing the average utilisation of available reserved carriages. Following an examination of such data contained in the 1939-40 programmes the Railway Board decided not to proceed with the construction of five broad gauge and four metre gauge 4-wheeled carriages sanctioned by the Standing Finance Committee for Railways for construction during 1938-39. Further all Railways have been instructed to carry out a thorough analysis of the utilisation of reserved carriages at all administrative, divisional and district headquarters and submit reports to the Railway Board in due course.

This investigation will take some time to complete and a further report will be placed before the Committee at its next meeting.

APPENDIX VIII.**Note by the Railway Board on the issue of Free passes for railway officials.**

The Public Accounts Committee, in paragraph 10 of their report on the accounts of 1935-36 (Part II-Railways) remarked that no recent information was available regarding the number of passes actually issued and considered it desirable that a census should be taken and the results reported. These remarks had reference to paragraph 31 of their proceedings on the 22nd July 1937, in which the Committee recommended that a census should be taken in 1937-38, if possible, or, if this were not possible, in 1938-39 and that the results should be reported with the number of officials concerned in each class.

2. Although the Committee asked for a statement for the year 1937-38, in view of the fact that the revised rules for the issue of passes, which had the effect of generally curtailing the number of passes admissible, had effect from the 1st January 1937, figures have been obtained for the calendar year 1937. These figures are embodied in the statement appended which also shows :—

- (i) the number of passes issued during 1936 ;
- (ii) the approximate number of the total staff eligible for passes in each class during the month of June 1937.

Comparative statement showing the total number of single journey passes of each class issued by State-managed Railways to their employees during the calendar years 1936 and 1937, and the approximate number of staff entitled to each class of pass in 1937.

| Class of Pass. | Eastern Bengal Railway. | | | East Indian Railway. | | | Great Indian Peninsula Railway. | | | North Western Railway. | | |
|----------------|-------------------------|--------|---|----------------------|--------|---|---------------------------------|----------|---|------------------------|----------|---|
| | Passes issued in | | Approximate No. entitled to passes in each class in 1937. | Passes issued in | | Approximate No. entitled to passes in each class in 1937. | Passes issued in | | Approximate No. entitled to passes in each class in 1937. | Passes issued in | | Approximate No. entitled to passes in each class in 1937. |
| | 1936. | 1937. | | 1936. | 1937. | | 1936. | 1937. | | 1936. | 1937. | |
| First .. | 1,922 | 1,906 | 140 | 2,894 | 3,881 | 313 | 1,570 | 1,679 | 254 | 2,263 | 3,482 | 323 |
| Second | 10,768 | 4,148 | 738 | 17,374 | 11,349 | 3,203 | 22,013 | 13,208 | 2,785 | 26,410 | 10,529 | 2,299 |
| Inter .. | 35,076 | 19,099 | 4,432 | 38,311 | 26,908 | 9,037 | 58,413 | 19,358 | 5,308 | 1,23,375 | 36,956 | 7,607 |
| Third .. | 78,610 | 69,288 | 46,224 | 84,398 | 82,148 | 1,10,768 | 1,24,979 | 1,23,439 | 62,643 | 1,70,200 | 1,90,021 | 91,861 |

Total number of passes issued—

| | | | |
|--------------|----|----------|----------|
| First class | .. | 8,649 | 10,948 |
| Second class | .. | 76,565 | 36,234 |
| Inter class | .. | 2,55,175 | 1,02,321 |
| Third class | .. | 4,58,187 | 4,64,896 |

1936. 1937.

Approximate No. of staff in 1937 entitled to—

| | | |
|--------------|----|----------|
| First class | .. | 1,030 |
| Second class | .. | 9,025 |
| Inter class | .. | 26,384 |
| Third class | .. | 3,11,486 |

APPENDIX IX.

Note by the Railway Board on the results of the working of lump sum cuts in the estimates of Capital and Depreciation Fund expenditure.

In paragraph 2 of the proceedings of the meeting of the Public Accounts Committee held on 21st July 1937, the Committee desired to have information regarding the working and the results of the system of lump sum cut made in the estimates of Capital and Depreciation Fund expenditure.

2. On account of the continued lapses in the grants for Capital and Depreciation Fund expenditure for several years, the procedure of lump sum cut was introduced in the budget from 1936-37. According to this procedure no reduction was made in the provision for any of the works included in the programmes; only the total allotment was reduced by an amount by which it was expected that the actual expenditure on the Railway would fall short of that provided in the programme.

3. The statement below gives the results for 1936-37 :—

1936-37.

[Figures in lakhs.]

| Railways. | Allotment for demands 11 and 12. | | | Actuals. | Savings—Excess + on | |
|-----------------------|----------------------------------|---------------|-------|----------|---------------------|-------|
| | Gross. | Lump sum cut. | Net. | | Gross. | Net. |
| 1. A. B. .. | 53 | —2 | 51 | 66 | 13 | +15 |
| 2. B. N. .. | 1,27 | —17 | 1,10 | 57 | —70 | —53 |
| 3. B. and N. W. .. | 12 | —2 | 10 | 2 | —10 | —8 |
| 4. Bezwada .. | .. | .. | .. | .. | .. | .. |
| 5. D. K. .. | .. | .. | .. | .. | .. | .. |
| 6. B. B. and C. I. .. | 1,32 | —19 | 1,13 | 76 | —56 | —37 |
| 7. Burma .. | 30 | —5 | 25 | 21 | —9 | —4 |
| 8. E. B. .. | 78 | —10 | 68 | 59 | —19 | —9 |
| 9. E. I. .. | 2,18 | —27 | 1,91 | 1,63 | —55 | —28 |
| 10. G. I. P. .. | 1,12 | —14 | 98 | 61 | —51 | —37 |
| 11. Jodhpur .. | 18 | —1 | 17 | 7 | —11 | —10 |
| 12. M. and S. M. .. | 94 | —9 | 85 | 73 | —21 | —12 |
| 13. N. W. .. | 1,80 | —14 | 1,66 | 1,65 | —15 | —1 |
| 14. R. and K. .. | 6 | .. | 6 | 4 | —2 | —2 |
| 15. S. I. .. | 91 | —10 | 81 | 67 | —24 | —14 |
| 16. C. M. E. .. | —1 | .. | —1 | —4 | —3 | —3 |
| 17. Emergencies .. | 5 | .. | 5 | .. | —5 | —5 |
| 18. Miscellaneous .. | .. | .. | .. | —1 | —1 | —1 |
| Total .. | 11,55 | 1,30 | 10,25 | 8,16 | —3,39 | —2,09 |

It will be observed from the above statement that the savings in the original allotment would have been much more but for the cut imposed by the Board.

The position has also been dealt with in paragraph 40 of the review of appropriation accounts of Railways for 1936-37 by the Chief Commissioner of Railways.

4. The same procedure was continued in the Budget for 1937-38 and the results, as they appear from the approximate actuals given below, are very close and show clearly the usefulness of the procedure adopted. In an estimated expenditure of 8½ crores there is a saving of 2 lakhs only or about .2 per cent.

1937-38.

[Figures in lakhs.]

| Railways. | Allotment for demands 11 and 12 for 1937-38. | | | Approximate Actuals. | Saving — Excess + on | |
|-----------------------|--|---------------|------|----------------------|----------------------|------|
| | Gross. | Lump sum cut. | Net. | | Gross. | Net. |
| 1. A. B. | 52 | —5 | 47 | 56 | 4 | +9 |
| 2. B. N. | 1,15 | —35 | 80 | 73 | —42 | —7 |
| 3. B. and N. W. .. | 11 | —2 | 9 | 12 | 1 | +3 |
| 4. Bezwada | 1 | | 1 | | —1 | —1 |
| 5. D. K. | | | | | | |
| 6. B. B. and C. I. .. | 1,15 | —45 | 70 | 88 | —27 | +18 |
| 7. E. B. | 75 | —20 | 55 | 73 | —2 | +18 |
| 8. E. I. | 1,68 | —31 | 1,37 | 1,61 | —7 | +24 |
| 9. G. I. P. | 73 | —30 | 43 | 36 | —37 | —7 |
| 10. Jodhpur | 31 | —5 | 26 | 4 | —27 | —22 |
| 11. M. and S. M. .. | 1,09 | —15 | 94 | 86 | —23 | —8 |
| 12. N. W. | 2,30 | —36 | 1,94 | 1,91 | —39 | —3 |
| 13. R. and K. | 8 | .. | 8 | 4 | —4 | —4 |
| 14. S. I. | 1,05 | —25 | 80 | 69 | —36 | —11 |
| 15. C. M. E. | —2 | .. | —2 | —4 | —2 | —2 |
| 16. Emergencies .. | 8 | | 8 | | —8 | —8 |
| 17. Miscellaneous .. | | | | —1 | —1 | —1 |
| Total | 10,99 | —2,49 | 8,50 | 8,48 | —251 | —2 |

APPENDIX X.**Note regarding expenditure on renewals and replacements of worked lines for which no depreciation fund is maintained.**

In paragraph 17 of the Appropriation Accounts of Railways in India for 1935-36, Part I—Review, it was explained 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 replacements of assets of worked lines for which no depreciation fund is maintained. When considering the explanation, the Public Accounts 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.

2. The position is as follows. The lines referred to are lines belonging to the Indian States and a Foreign power, and the Government of India have no financial interest in those lines beyond working them under the terms of certain contracts. Therefore, it is correct that no depreciation fund can, or should, be maintained for those lines by Government.

3. The practice in classifying expenditure on renewals and replacements on worked lines for which no depreciation fund is maintained, was not uniform on railways. To secure uniformity, the Railway Board issued instructions that such expenditure should be charged to ordinary Working Expenses and not to the depreciation fund. In spite, however, of these instructions, the Madras and Southern Mahratta Railway included, in their original estimate for appropriation from the depreciation fund for 1935-36, the provision for such expenditure the respect to the worked lines in question. This provision was cut out by the Railway Board's office, but, through oversight, no provision was made under the appropriate revenue demands. This omission came to notice at the time of the revised estimate, but, as full data were not available, the provision made by the Railway Board's office was on a rough basis, which proved inadequate.

APPENDIX XI.**Note on budgeting for Depreciation and Interest charges.**

In paragraph 49 of their Report on the accounts for 1935-36 the Public Accounts Committee recommended that the present method of budgeting for (1) contribution to the Depreciation Reserve Fund and (2) interest charges on account of Capital at charge on railways should be so modified as to avoid variations between the original estimates, the revised estimates and the actuals during the course of the year.

2. The recommendation has been considered by the Finance and Railway Departments in consultation with the Auditor General particularly with reference to the concrete suggestion that interest charges should be calculated on the previous and not on the current year's capital outlay. The adoption of this suggestion would not necessarily secure correspondence between budget and actuals for when the budget is prepared the capital outlay of the year not completed is not finally known. Further the Departments involved are Commercial Departments and it is desirable that the amount adjusted in the accounts should relate to the year of account. Moreover, financial interests should take precedence of formal regularity and to base the interest charges on the capital outlay at the end of the penultimate year to the year in which provision is made for these charges will mean a loss of interest. Further, variations, for example, between actuals and budget in the case of contributions to the Depreciation Reserve Fund are not so important from the stand-point of strict Parliamentary financial control, as they do not indicate any laxity. In any case it seems unwise to make any change in the system of budgeting when under the Federal Railway Authority the present grant system is likely to lapse. It has therefore been decided that the existing arrangements should be allowed to continue for the present.

APPENDIX XII.**Note by the Railway Board on the Working of the Tatanagar Workshops.**

In paragraph 58 of the Proceedings of the Report of the Public Accounts Committee for 1935-36, Volume I, Part II, it is stated that :—

“ 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 ”.

With reference to this, the Railway Board desire to explain the present position as follows, for the information of the Public Accounts Committee.

2. The workshops at Tatanagar are equipped for the manufacture of standard carriage underframes and owing to the specialised nature of their equipment they cannot be advantageously employed on general railway engineering work.

3. Since the re-opening of the workshops, reduced traffic and better utilisation of existing coaching stock have caused the underframe requirements of Railways to fall below the full capacity of the workshops, and constant efforts have been made to provide suitable allied work to keep the workshops more fully employed.

4. During the past 2½ years it has been found possible to supplement the work of the workshops by entrusting to them the reconditioning of uneconomical wagons. An order for 1,000 wagons for the Bengal Nagpur Railway has been completed, and a further order for 1,800 wagons for the East Indian Railway is now in progress and likely to be completed in April next.

5. All railways have recently been invited to submit proposals for the reconditioning at Tatanagar of any wagons which are proving uneconomical to maintain, but the Railway Board are unable to state at this stage whether additional work of this class will be forthcoming.

APPENDIX XIII.**Report by the Railway Board on the financial results of the South Indian suburban electrification at Madras.**

The attached statement which has been prepared by the Railway Administration in consultation with the statutory Auditor shows the financial results of the suburban electrification scheme of the South Indian Railway.

The results may be summarised as follows :—

| Estimate | Traffic in train miles (lakhs). | Percentage of net savings on net outlay. |
|----------|---------------------------------|--|
| | Not available. | 13·18 |
| 1932-33 | 6·77 | 5·79 |
| 1933-34 | 6·13 | 2·41 |
| 1934-35 | 6·01 | 4·23 |
| 1935-36 | 5·91 | 2·31 |
| 1936-37 | 6·11 | 2·73 |
| 1937-38 | 9·06 | 8·97 |

3. The favourable result obtained in 1937-38 is due to an increase of 48 per cent. in the number of train miles compared with the previous year. In addition, electrical working was comparatively cheaper in 1937-38 as there was an increase in the price of coal, while the administration secured lower rates for electrical energy under the terms of a new agreement with the Madras Electric Supply Corporation in November 1936.

4. The Consulting Engineers contemplated that 26 steam passenger trains would do the same services as 43 electric trains. In the statement, however, a single average electric train has been taken as equivalent to a single steam train. This assumption is on the broad grounds which have been accepted by audit

- (i) that the present volume of traffic has necessitated the running of a greater proportion of double unit electric trains than appears to have been originally contemplated under the scheme, while a number of triple unit trains have also been run ; and
- (ii) that the figures of electric train mileage also include the haulage by electric locomotives of comparatively heavy main line passenger and goods trains, an item not contemplated in the original scheme which only envisaged the running of light six-vehicle suburban passenger trains in steam working.

Financial results of Madras Suburban Electrification—contd.

| Particulars. | Estimate. | Actuals. | | | | | Remarks. |
|---|-----------|----------|----------|----------|----------|----------|----------|
| | | 1932-33. | 1933-34. | 1934-35. | 1935-36. | 1936-37. | |
| 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 | 0.92 |
| 12. Net savings in Working expenses due to Elec- trification (item 8—item 11). | 1.19 | 1.12 | 0.71 | 1.26 | 0.70 | 0.83 | 2.74 |
| 13. Percentage of gross savings without allowing for depreciation on gross outlay item $\frac{8 \times 100}{\text{Item 2}}$. | 3.08 | 2.71 | 2.20 | 2.94 | 2.19 | 2.36 | 4.95 |
| 13A. Percentage of gross savings (after allowing for depreciation on electric outlay) on gross out- lay item $\frac{8-9 \times 100}{\text{Item 2}}$. | 0.08 | -0.29 | -0.81 | -0.05 | -0.82 | -0.64 | 1.95 |
| 14. Percentage of gross savings on net outlay $\frac{8 \times 100}{\text{Item 5}}$. | 16.17 | 8.78 | 5.42 | 7.22 | 5.32 | 5.73 | 11.98 |
| 15. Percentage of net savings (after allowing for depreciation) on gross outlay item $\frac{12 \times 100}{\text{Item 2}}$. | 2.51 | 1.79 | 0.97 | 1.72 | 0.95 | 1.13 | 3.71 |
| 16. Percentage of net savings (after allowing for depreciation) on net outlay item $\frac{12 \times 100}{\text{Item 5}}$. | 13.18 | 5.79 | 2.41 | 4.23 | 2.31 | 2.73 | 8.97 |

Report by the Railway Board on the Financial Results of the Electrification of the 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 electrification scheme on the Great Indian Peninsula and Bombay, Baroda and Central India Railways for the years 1930-31 to 1937-38. 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 inter-dependent. Those for the Bombay, Baroda and Central India Railway exclude the figures for 'Borivli-Virar' extension. Though this was opened for traffic from September 1936, the completion report is not yet ready.

2. The figures for the two railways are summarised below :—

| — | Great Indian Peninsula. | | Bombay, Baroda and 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 | 10.96 |
| 1932-33 .. | 41.21 | 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 |
| 1937-38 .. | 42.33 | 4.98 | 14.76 | 19.27 |

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 Bombay, Baroda and Central India Railway has been electrified.

The slightly unfavourable results as compared with the previous year on the Great Indian Peninsula Railway even after allowing for an increase, as a result of re-verification, of 1.32 lakhs under the head "Cost of steam stock released because of electrification" are due to the fact that expenditure on armatures and other spare parts, formerly charged to Capital, has now been charged to Revenue, and that a reduction in the cost of steam working has been assumed on the basis of train miles which were fewer in spite of heavier loads.

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 per cent. | 3·18 per cent. |
| 1931-32 | .. | .. | .. | .. | 3·58 per cent. | 3·46 per cent. |
| 1932-33 | .. | .. | .. | .. | 3·49 per cent. | 3·77 per cent. |
| 1933-34 | .. | .. | .. | .. | 3·24 per cent. | 4·61 per cent. |
| 1934-35 | .. | .. | .. | .. | 2·87 per cent. | 5·58 per cent. |
| 1935-36 | .. | .. | .. | .. | 3·20 per cent. | 6·10 per cent. |
| 1936-37 | .. | .. | .. | .. | 3·58 per cent. | 7·17 per cent. |
| 1937-38 | .. | .. | .. | .. | 3·20 per cent. | 7·31 per cent. |

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—contd.

| No. | Particulars. | Estimates. | Actuals 1930-31. | Actuals 1931-32. | Actuals 1932-33. | Actuals 1933-34. | Actuals 1934-35. | Actuals 1935-36. | Actuals 1936-37. | Actuals 1937-38. |
|-----|---|------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| 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 | 1.87 |
| 12 | Net savings in working expenses due to electrification (Item 8—Item 11). | 13.93 | 6.43 | 6.81 | 7.22 | 8.34 | 9.65 | 10.33 | 11.77 | 11.97 |
| 13 | Percentage of gross savings without allowing for depreciation on gross outlay (Item 8 × 100/Item 2). | Percentage | Percentage | Percentage | Percentage | Percentage | Percentage | Percentage | Percentage | Percentage |
| | | 8.02 | 4.09 | 4.28 | 4.48 | 5.03 | 5.68 | 6.01 | 6.72 | 6.82 |
| 13A | Percentage of gross savings (after allowing for depreciation on electrical outlay) on gross outlay (Item 8—9 × 100/Item 2). | 5.03 | 1.09 | 1.28 | 1.48 | 2.03 | 2.68 | 3.01 | 3.72 | 3.82 |
| 14 | Percentage of gross savings on net outlay (Item 8 × 100/Item 5). | 19.92 | 13.36 | 13.97 | 14.63 | 16.44 | 18.55 | 19.64 | 21.96 | 22.28 |
| 15 | Percentage of net savings (after allowing for depreciation) on gross outlay (Item 12 × 100/Item 2). | 6.82 | 3.17 | 3.36 | 3.56 | 4.11 | 4.76 | 5.09 | 5.80 | 5.90 |
| 16 | Percentage of net savings (after allowing for depreciation) on net outlay (Item 12 × 100/Item 5). | 16.93 | 10.35 | 10.96 | 11.62 | 13.43 | 15.54 | 16.63 | 18.95 | 19.27 |
| 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 | 4.15 | 4.70 | 4.87 | 5.62 | 5.90 | 6.58 | 6.64 |

Financial Results of the Great Indian Peninsula Railway Electrification Scheme—contd.

| Particulars. | Estimate all sections electrified. Total estimated. | Actuals | Actuals | Actuals | Actuals | Actuals | Actuals | Actuals | |
|--|---|------------|------------|------------|------------|------------|------------|------------|------------|
| | | 1930-31. | 1931-32. | 1932-33. | 1933-34. | 1934-35. | 1935-36. | 1936-37. | 1937-38. |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| Increase in annual depreciation due to electrification (Item 9—Item 10). | 16.32 | 15.01 | 15.31 | 15.85 | 15.86 | 15.84 | 15.85 | 15.85 | 15.81 |
| 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 | 30.34 |
| | Percentage | Percentage | Percentage | Percentage | Percentage | Percentage | Percentage | Percentage | Percentage |
| Percentage of gross savings on gross outlay (Item 8 × 100/Item 2). | 7.47 | 4.62 | 5.01 | 4.98 | 4.77 | 4.46 | 4.74 | 5.04 | 4.81 |
| Percentage of gross savings including depreciation electrical assets only (Item 3—9 × 100/Item 2). | 4.61 | 2.09 | 2.48 | 2.41 | 2.20 | 1.89 | 2.17 | 2.47 | 2.24 |
| Percentage of gross savings on net outlay (Item 8 × 100/Item 5). | 13.65 | 7.33 | 7.90 | 7.82 | 7.50 | 7.01 | 7.45 | 7.92 | 7.57 |
| Percentage of net savings on gross outlay (Item 12 × 100/Item 2). | 5.75 | 3.03 | 3.41 | 3.33 | 3.12 | 2.81 | 3.09 | 3.39 | 3.16 |
| Percentage of net savings on net outlay (Item 12 × 100/Item 5). | 10.51 | 4.80 | 5.37 | 5.23 | 4.90 | 4.42 | 4.86 | 5.33 | 4.98 |

APPENDIX XIV.

Memorandum on placing Railway Accounts Staff under General Managers.

The undersigned is directed to address the Finance Department regarding certain changes which are contemplated in the organisation of the Railway Accounts Department and to request that, if the Finance Department have no objection, this memorandum may be placed before the Public Accounts Committee at its next meeting.

2. As both the Finance Department and the Committee are aware, the duties of Audit and Accounting have been separated from each other in the Railway Department. This decision is based on a resolution moved by Government in the Legislative Assembly in September, 1925; and, in accordance with this resolution, the accounting staff on each State-managed Railway system is under the orders of the Financial Commissioner of Railways and not under those of the Agent for the purpose of appointments, promotions, transfers, etc. The Railway Accounts Department is administered by the Financial Commissioner of Railways with the assistance of the Controller of Railway Accounts who is under the Financial Commissioner of Railways and not under the Railway Board. The Audit Staff is of course under the administrative control of the Auditor General. The proposals of 1925 were intended to make a commencement in giving effect to one of the recommendations of the Acworth Committee of 1921, *viz.*, that the Railway Department should be responsible for its own accounts.

3. The position was reviewed by the late Sir Arthur Lowes Dickinson who visited this country in 1926-27 and examined the system of railway accounting. He found that there had been a divorce of accounts from operation and recommended that the principal accounting officer of each State Railway, though appointed by and removable by the Railway Board only, should be under the control of the Agent and responsible to him for the proper performance of his duties. This recommendation, however, was not acted on by Government.

4. In 1931 the Railway Retrenchment Sub-Committee examined in some detail the growth of expenditure under railway audit and accounts and in the course of this investigation, the question of placing the Chief Accounts Officer and his staff entirely under the control of the Agent was also examined. While the Sub-Committee did not approve of the idea of placing the Chief Accounts Officer entirely under the control of the Agent, even though the idea was favoured by the then Financial Commissioner of Railways when he gave evidence before the Sub-Committee, it recommended the transfer of control of the subordinate accounts staff (as distinguished from the superior staff) from the Controller of Railway Accounts to the Agents concerned. This recommendation, along with other recommendations of the Sub-Committee, was considered by the Public Accounts Committee in December 1931 when reviewing the accounts of 1929-30, but the Committee refrained from expressing any specific opinion on the details of the recommendations of the Sub-Committee and merely stated in general terms that it was not prepared to consent to any substantial diminution in the information as regards railway receipts and expenditure and in the facilities for final control which have been afforded to the Legislature by

the existing system. The question of transferring the control of subordinate accounts staff to Agents was eventually not proceeded with.

5. The Pope Committee who were appointed in accordance with the recommendation of the Retrenchment Sub-Committee to suggest methods of improving efficiency and securing economy on Indian Railways considered that the Chief Accounts Officer should be definitely under the Agent subject to such reservations as may be necessary regarding parliamentary control. The Committee felt that unless this was clearly laid down, the preparation of managerial information could not be carried out on co-operative and co-ordinated lines and the Chief Accounts Officer could not take his proper place in the organization of the railway. The Chief Accounts Officer's function of keeping his accounts in an efficient and economical manner for which he was responsible to the Controller of Railway Accounts was hardly more important than his function in connection with management. He had no incentive to assist the administration to whose Chief he was not responsible and it was not altogether surprising that complaints existed. The only satisfactory solution, according to that Committee, was to place the Chief Accounts Officer entirely under the Agent.

6. This recommendation was endorsed by the Railway Enquiry Committee of last year. They recommended, following British Railway practice, and the recommendation of previous Railway Committees in this country that Chief Accounts Officers and their staff on State-managed Railways should be definitely regarded as being responsible to the respective Agents, permission however being granted to the Chief Accounts Officer to correspond directly with the Financial Commissioner of Railways—but with the knowledge of the Agent—on matters of finance.

7. Government are impressed by the weight of the opinion they have received in this matter from so many expert Committees and experts. The existing arrangement which treats the Chief Accounts Officer (who should be the trusted friend and adviser in all financial matters of the General Manager) as independent of him, and owing allegiance primarily to an authority outside his administration, tends, in Government's view, to be subversive of that unity and harmony which is essential to the successful working of the railway. It further tends, Government believe, to weaken in the General Manager that sense of responsibility for the financial prosperity of his undertaking as a business concern which it is of the utmost importance to retain. Government are, therefore, disposed to place the Chief Accounts Officers and their establishments to the fullest extent practicable under the control of the General Managers. Apart from the question of principle emphasized above, this transfer of control would, they believe, be conducive to the economy contemplated by the Retrenchment Sub-Committee of 1931, and to the efficiency of day-to-day administration, as it would eliminate the necessity for the reference of minor accounts establishment matters to an authority outside the railway concerned. The proposal would not in any way prejudice the requirements of audit and the interests of the Public Accounts Committee in regard to the information desired to be furnished to them. The Chief Accounts Officer would continue to have the right of access through the General Manager to the Financial Commissioner and any substantial financial proposal in regard to which the Genera

Manager and the Chief Accounts Officer were not in agreement would be placed before the Financial Commissioner with the views of the Chief Accounts Officer in his own language. Except in a matter of grave urgency, the General Manager would not give effect to the proposal until the views of the Financial Commissioner are received. The Financial Commissioner would also, in consultation with the Auditor General, continue to be responsible for all matters relating to the structure of the accounts and to the professional standards to be required in members of the accounts establishments. As a Member of the Railway Board, the Financial Commissioner would continue to deal with the appointment, promotion and postings of gazetted officers, though every effort would be made to localize such establishments and identify their interests with a particular railway.

8. This matter has been discussed freely with the Auditor General, who is, however, in some doubt as to the advisability of the change contemplated, both from the purely accounting point of view and that of adequate financial control. He feels that the latter might be weakened instead of strengthened by the change. Nor is he convinced that the present system has been clearly shown to be defective. He is not, however, indifferent to the weight of the opinion on the other side, and recognises that particularly in view of the changes in the present system of financial and accounting control which the constitution of the Federal Railway Authority will involve, it would be to the advantage of all concerned to give a trial to the system favoured by Government. It is, therefore, proposed to institute an experiment on the lines indicated in paragraph 7 of this memorandum on two selected railways. The details of this experiment are under the consideration of Government.

APPENDIX XV.

Summary of the approximate financial results of Indian State-owned Railways in 1937-38.

Approximate figures of Railway Revenue and Expenditure for 1937-38 which are now available show a surplus of about 275 lakhs which is nearly 8 lakhs less than the Revised Estimates made in February last and is better by about 130 lakhs than the actuals for 1936-37 (*i.e.*, excluding Burma Railways).

Railway Revenues have been steadily improving since the beginning of the year 1936-37. The sign of improvement was evident in the last 5 or 6 weeks of the year 1935-36.

Gross Traffic Receipts of State-owned Railways for 1937-38 amounted to about 95 crores or about 3 crores more than in the previous year.

Ordinary working expenses (excluding Depreciation) amounted to 50½ crores or 2¼ crores more than in the previous year. The amount set apart for Depreciation being 12·57 crores as in the previous year.

Net Traffic Receipts amounted to 32·07 crores and were one crore more than in 1936-37.

Miscellaneous transactions resulted in a net expenditure of 4½ lakhs against 22 lakhs in the previous year.

The net Revenue available for meeting interest charges was 32·02 crores or about 1½ crores more than in 1936-37.

The total interest payable was 29·27 crores as against 29·39 crores in 1936-37. *i.e.*, about 12 lakhs less.

There was a surplus of about 2¾ crores during 1937-38 as against a surplus of about 1½ crores in 1936-37. This surplus will be paid to the General Revenues as contribution from railways, it having been decided to postpone for three years the repayment of loans taken in previous years from the Depreciation Reserve Fund to meet loss in working. This amount is, however, short by 1½ crores of the actual amount of contribution due for the year.

The appropriation to Depreciation Fund was 12·57 crores and the amount withdrawn for Renewals amounted to 8·00 crores. The net accretion to the fund during the year was 4½ crores.

The actual balance at credit of the Fund (excluding Burma Railways) now stands at 19½ crores, and the nominal balance at about 49½ crores.

The total capital expenditure is just above ½ crore. The Stores balances have however increased from 8¾ crores at the end of 1936-37 to 9¼ crores at the end of 1937-38.

At the end of 1937-38, the liabilities of Railways amounted to 62½ crores, of which 30½ crores represent loans from Depreciation Fund and 32½ crores unpaid contributions due to General Revenues from 1931-32 to 1937-38. It has however, been decided that the railway revenues should not be liable before the 1st April 1940, or before the fixation under Section 187 (1) of the Government of India Act, 1935 of the sum therein referred to, whichever is earlier, to repay to the Depreciation Reserve Fund maintained for Indian State-owned

railways, the balance outstanding on the 1st April, 1937 of loans of 30½ crores taken from the Fund to meet Railway deficit or to pay to General Revenues any contribution due in respect of the period from 1931-32 to 1936-37 amounting to 30½ crores.

3

The ratio of ordinary working expenses to Gross Traffic Receipts was 53 per cent. against 52½ per cent. in the previous year.

The ratio of total working expenses (including Depreciation Fund) was 66 per cent. as for the last year.

The ratio of net revenue to the capital at charge was 4.25 per cent. against 4.00 per cent. in the previous year.

Taking all class I Railways together (except Jodhpur and H. E. H. the Nizam's State Railways) goods earnings in 1937-38 were approximately 0.91 crore higher than in 1936-37. The increase was mainly under coal and coke, wheat and metallic ores.

There was a decrease of 10 lakhs approximately under other earnings.

The coaching earnings were about 1.71 crores higher than in 1936-37.

State Railways excluding Burma Railways.

| | | | | In crores. | | |
|-----------------------------|----|----|----|------------|-----------------------|--------------------------------|
| | | | | 1937-38. | | |
| | | | | 1936-37. | Revised estimates. | Latest Approximate actuals. |
| Gross traffic receipts | .. | .. | .. | 91.79 | 94.25 | 95.60 |
| Ordinary Operating Expenses | .. | .. | .. | 48.16 | 49.54 | 60.36 |
| Depreciation | .. | .. | .. | 12.57 | 12.57 | 12.57 |
| Net Traffic Receipts | .. | .. | .. | 31.06 | 32.14 | 32.07 |
| Net Miscellaneous Receipts | .. | .. | .. | —·22 | —·07 | —·05 |
| Total Net Revenue | .. | .. | .. | 30.84 | 32.07 | 32.02 |
| Interest | .. | .. | .. | 29.39 | 29.24 | 29.27 |
| Deficit (—) | } | .. | .. | +1.45 | +2.83 | +2.75 |
| Surplus (+). | | | | | | |

Mr. S. Satyamurti (Madras City : Non-Muhammadan Urban) : On this, I should like to make one submission, that for the last three years we have not discussed the Reports of the Public Accounts Committee. I am not blaming anybody and I am sharing the blame with others ; but I do suggest that some early opportunity should be given to this House to discuss the Public Accounts Committee reports for the last three years. If the Leader of the House will agree, I suggest that it may be put down for the first day of the special Session in November, on which day, so far as I can see, the Income-tax Bill cannot be taken up. If he is agreeable, he can make a statement today or some time later, but I suggest that some day should be set apart early for the discussion of the last three years' reports.

Dr. Sir Ziauddin Ahmad (United Provinces Southern Divisions : Muhammadan Rural) : I would like to add one word. The Public Accounts Committee's Reports are important reports and it is very desirable that Members of the House who are not Members of the Committee should have an opportunity to express their opinion. We ought to judge on the floor of the House the work which our colleagues have done in the Public Accounts Committee and also tell them their omissions and their mistakes. I think it would be useful, if we express opinions here, and then the Members will be much more careful in discharging their duties. Therefore, I do urge that the Government should give us opportunities to discuss these reports on the floor of the House.

The Honourable Sir Muhammad Zafrullah Khan (Leader of the House) : Sir, I cannot bind myself today with regard to any particular date in the next Session, but I shall consider the suggestion made by the Honourable Members.

THE MOTOR VEHICLES BILL—*contd.*

Mr. President (The Honourable Sir Abdur Rahim) : The House will now resume consideration of the Motor Vehicles Bill.

The question is :

“ That clause 47 stand part of the Bill.”

Mr. Suryya Kumar Som (Dacca Division : Non-Muhammadan Rural) : Sir, I move :

“ That in part (v) of sub-clause (d) of clause 47 of the Bill, for the words ‘ within municipal limits ’ the words ‘ in big cities notified by the Provincial Government ’ be substituted.”

Sir, all of us know that one of the greatest advantages derived from a bus service is that the bus takes up the passenger from and lets him down at his very door, and not only the passenger but his luggage. Now, some of the Railways also have been compelled to use some buses to take the luggage from the houses of the would-be passenger and, in Calcutta and Howrah, we find that on the payment of annas two packages are taken from house to house previous to the passengers coming to the station. So it is apparent that the railway authorities think that this advantage and amenity should be granted to the public. Moreover, one of the reasons for which generally the people take to buses even where their charge is the same as that of the railway is this great advantage of the bus and I

see no reason why by this Bill this advantage should be taken away. I admit that to allow buses to roam over the streets and stop at undefined times at the doors of passengers in big cities where the traffic is very great, like Calcutta, Bombay and Madras, there may be some disadvantages no doubt, but those who live in mufassil towns know that there is practically no traffic there and that these buses cannot cause any disadvantage, if they stop from door to door of the passengers, because there is no great traffic. So, my amendment does not want the taking away of this power from the Government but I want to apply this clause only to big cities or to other places specially notified by the Government ; if the Government consider that there is a lot of traffic in those places, they can notify them. Sir, it is not necessary for me to argue this point further. Sir, I move :

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

“ That in part (v) of sub-clause (d) of clause 47 of the Bill, for the words ‘ within municipal limits ’ the words ‘ in big cities notified by the Provincial Government ’ be substituted.”

Mr. Lalchand Navalrai (Sind : Non-Muhammadan Rural) : Sir, I support this amendment. It aims at continuing certain conveniences to the people so that the buses in some places where the traffic is not so large can stop at certain points and not only at the prescribed points. The clause itself requires a certain discipline under which the bus-owners should be kept. I am in full agreement with that,—that there ought to be some discipline under which they should work, but it should be ensured that the people should not be inconvenienced by strict rules and regulations being made.

Sir, the original idea of the Bill was that there should be no competition which will affect the Railways and I feel here that that is the very idea with which this clause has been inserted. At present we find that at the places where these buses are working they are giving a lot of convenience, so much so that they pass by certain routes and when they pass by the house of every passenger, they stop there and put down his luggage. If this clause is enacted as it is, it will work a hardship. I come from the mufassil and I know the actual situation. Sir, you have seen that the railways are now competing in everything in this direction, and that they have now established, even in small places, certain delivery offices and on account of their delivery offices the goods and the packages and the luggage of the people are being carried by the railway which otherwise were being carried by private companies and private transport concerns. Of course the people certainly do not want that there should be any intention to cause the destruction of the motor traffic. According to me, motor traffic in small places and in some provinces has not yet developed to any appreciable extent. I was not a little surprised the other day when I heard Mr. Mitchell say that the motor traffic is not in its infancy in this country. I think he was then thinking of places like Bombay and Calcutta. Even Karachi cannot be included in that list. What I mean to say is that excepting the big cities the motor traffic should be encouraged as it is being encouraged in other countries. In other countries there are Unions which control the motor traffic and they have not got any statutory laws there. They have their own Unions and they enter into

[Mr. Lalchand Navalrai.]

agreement with the Railways without any disadvantage to either side. The same should be done here and we should not have any statutory provisions and make it hard for the poor people. But, if we are constrained to make laws of this nature by a majority or otherwise of Members, then the provisions should not be very strict. With regard to the particular question under discussion now, I think it will be appreciated by the House that the words 'municipal limits' should be changed into 'big cities notified by the Provincial Government'. I think the amendment is a very reasonable one and I hope the House will accept it.

Mr. K. G. Mitchell (Government of India : Nominated Official) : Sir, I am afraid I must oppose this amendment and I do hope that when my Honourable friend hears the explanation, he will withdraw it. There is no question whatever of this having anything to do with competition between road and railway. The position is this that in quite small towns buses, unless there is some such provision as this, are apt to congregate at what are called private bus stands, which are on private lands and which are not within the control of the public authority. They are not public places and they are extremely insanitary and are generally undesirable. Besides, the whole clause is permissive. It says 'the Regional Transport Authority may specify that certain places are not to be used as bus stands'.

Mr. Lalchand Navalrai : Private individuals have not raised any objections.

Mr. K. G. Mitchell : We have received very many objections from Provincial Governments and other people that these private stands cannot be controlled. That is a fact. It is no use the Honourable Member shaking his head.

Mr. Lalchand Navalrai : Will the Honourable Member place these papers on the table of the House ?

Mr. K. G. Mitchell : You had better look at the opinions and also see notice of a Bill given by Mr. Sham Lal to the same effect. I repeat, Sir, that it has nothing to do with road-rail competition. It merely provides that the Regional Transport Authority, which is under the control of the Provincial Government, may specify that certain places are not to be used for bus stands and outside the towns it may specify that buses shall not halt at certain dangerous cross roads and other places. Sir, I oppose the amendment.

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

"That in part (v) of sub-clause (d) of clause 47 of the Bill, for the words 'within municipal limits' the words 'in big cities notified by the Provincial Government' be substituted."

The motion was negatived.

Mr. T. S. Avinashilingam Chettiar (Salem and Coimbatore *cum* North Arcot : Non-Muhammadan Rural) : Sir, I move :

"That in part (v) of sub-clause (d) of clause 47 of the Bill, the words 'shall not be', occurring the second time, be omitted."

It is a mere verbal change. There is a repetition of these words and I move that the second set of them be omitted.

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

“ That in part (v) of sub-clause (d) of clause 47 of the Bill, the words ‘ shall not be ’, occurring the second time, be omitted.”

The Honourable Mr. A. G. Clow (Member for Railways and Communications) : There is no objection to this amendment.

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

“ That in part (v) of sub-clause (d) of clause 47 of the Bill, the words ‘ shall not be ’, occurring the second time, be omitted.”

The motion was adopted.

Mr. T. S. Avinashilingam Chettiar : Sir, I move :

“ That in part (v) of sub-clause (d) of clause 47 of the Bill, the words ‘ at or ’ be omitted.”

This is also a verbal amendment and I move it.

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

“ That in part (v) of sub-clause (d) of clause 47 of the Bill, the words ‘ at or ’ be omitted.”

The Honourable Mr. A. G. Clow : Sir, I am sorry I must oppose this and I must contest the Honourable Member's view that it is verbal. What we say is that a Provincial Government may prescribe....

Mr. T. S. Avinashilingam Chettiar : Sir, I do not press the amendment. I withdraw it.

The amendment was, by leave of the Assembly, withdrawn.

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

“ That clause 47, as amended, stand part of the Bill.”

The motion was adopted.

Clause 47, as amended, was added to the Bill.

Clauses 48 and 49 were added to the Bill.

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

“ That clause 50 stand part of the Bill.”

Mr. Suryya Kumar Som (Dacca Division : Non-Muhammadan Rural) : Sir, I beg to move :

“ That sub-clause (b) of clause 50 of the Bill be omitted and the subsequent sub-clauses be re-lettered accordingly.”

We have already had enough discussion on the question of empowering the Provincial Governments to fix the maximum and minimum fares

[Mr. Suryya Kumar Som.]

and we lost our amendment. I know that we are also going to lose this amendment. But I am encouraged to move it because of the speeches from the Congress Benches. They have said that in the original Bill the power of fixing the maximum and minimum fares was left to the Provincial Transport Authority but, by Clause 42, that power has been taken away from the Provincial Transport Authority and it has been given to the Provincial Government, which is a more desirable and more independent authority. The argument was vehemently adduced against me that we were going to give this power not to anybody else except the Provincial Government which is an autonomous government and that you could rely on it because it is a responsible government. Now, Sir, I find that that very power under another section is being given to the Regional Authority. That is my objection. It is not merely the Provincial Transport Authority but the power of fixing rates has been given to the Regional Transport Authority which we know will be constituted by sub-inspectors of police and persons of such low rank. A Provincial Transport Authority may be comprised of men of position, but a Regional Authority, as it will have to be created in many parts of the country, must necessarily have men of low rank on it. It might consist of riff-raffs of the place. There is no guarantee that such people will not be in it. I will appeal to the Government to consider this seriously. When we discussed Clause 42 it was said that the power of fixing rates was taken away from the Provincial Transport Authority but given to the Minister. But now, here, what do we find? The same power is given to an authority which is not even a Provincial Transport Authority but a still lower authority, namely, the Regional Authority. I know that my Honourable friend, from the Congress Party, will not support the amendment, but I appeal to the Government to consider this question seriously and agree to my amendment. Sir, I move.

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

“ That sub-clause (b) of clause 50 of the Bill be omitted and the subsequent sub-clauses be re-lettered accordingly.”

Mr. K. Santhanam (Tanjore *cum* Trichinopoly ; Non-Muhammadan Rural) : Sir, I am afraid my Honourable friend, Mr. Suryya Kumar Som, is under misapprehension. Sub-clauses (b) and (c) must be read together. They are intended to provide for two contingencies. In big cities it is absolutely impossible for passengers to be bargaining for their fares and so there should be fixed fares and there should be taximetres. Of course in mufassil it may not be practicable and that is why sub-clause (c) has been provided. Sub-clause (b) is intended to be used in big cities and sub-clause (c) is intended to be used in mufassil areas. This does not force the regional transport authorities to fix such fares. It only gives them power in such circumstances where it may be considered necessary to fix fares and it is absolutely a discretionary provision. Wherever it is not practicable, I do not think they will do it, because, in the mufassil areas, it will not be practicable to have fixed fares. As a matter of fact in cities like Bombay, Calcutta and Madras taximetres are attached in order to cater to the convenience of the passengers. You

cannot go on investigating hundreds of taxis whether there are lower rates. It is only for this purpose that sub-clauses (b) and (c) are put in. They are merely elastic provisions and I do not think the deletion of sub-clause (b) will improve matters. It will greatly hamper traffic. Therefore, I oppose the amendment.

The Honourable Mr. A. G. Clow : Sir, I have very little to add to what my Honourable friend, Mr. Santhanam, has said. There are two entirely distinct things here and the Honourable Member has confused them. Clause 42, fixing the maximum and minimum fares, is limited to stage carriages and public carriers and it is based on three considerations regarding road and rail, the desirability of motor transport development and the desirability of preventing the deterioration of roads which do not really apply here. This is a provision designed to prevent the public from being exploited by taxi drivers ; it is for the public convenience that the passengers should know how much fare they have to pay. I would appeal to my Honourable friend to withdraw his amendment.

Dr. Sir Ziauddin Ahmad (United Provinces Southern Divisions : Muhammadan Rural) : What is the definition of motor cabs ? Does it not include busses, and so on ?

The Honourable Mr. A. G. Clow : No.

Dr. P. N. Banerjee (Calcutta Suburbs : Non-Muhammadan Urban) : Sir, the explanations given by my Honourable friends, Mr. Santhanam and Mr. A. G. Clow, do not satisfy me. They say that it is for the public benefit. No doubt the public should know the amount of fare ; but why should the Regional Authority fix the fare ? Why not the cab-owner be allowed to fix it ? If it is only for making the public know, he may be compelled to make it known. The fixing of fares should not be in the hands of the Regional Transport Authority. It is normally for the bus or the cab-owner to fix his fares. My Honourable friend, Mr. Clow, says there is confusion of thought, but I submit the confusion is in his own mind. Power is given to the Provincial Transport Authority to fix, but why should Regional Transport Authority also fix the fares ? I cannot understand this. This is a very dangerous provision and I, therefore, support the amendment which has been moved by my Honourable friend.

Mr. Abdul Qaiyum (North-West Frontier Province : General) : Sir, it seems that the Honourable Member, Mr. Som's objection to the regional authority is based on the suspicion of the Provincial Government, and he used very strong language in describing the composition of the regional authority. He said that they might consist of riff-raffs. I do not see why riff-raffs should be appointed to the regional authority. I certainly believe that Provincial Governments will take care to see that responsible persons are appointed to the regional authority, persons who know something about road transport. Then, my Honourable friend, Dr. Banerjee, stated that the fixing of fares should be left to the cab-owners. I think this is carrying the doctrine of *laissez faire* to its bitter extreme. I do not really see any force in the argument that people should be left at the mercy of cab-owners in big cities. There is absolutely no harm in giving power to the regional authority to fix proper and reasonable fares. Therefore, I oppose the amendment.

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

“ That sub-clause (b) of clause 50 of the Bill be omitted and the subsequent sub-clauses be re-lettered accordingly.”

The motion was negatived.

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

“ That clause 50 stand part of the Bill.”

The motion was adopted.

Clause 50 was added to the Bill.

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

“ That clause 51 stand part of the Bill.”

Mr. K. G. Mitchell (Government of India : Nominated Official) : Sir, I beg to move :

“ That sub-clause (b) of clause 51 of the Bill be omitted.”

Sir, in the Bill as introduced provision was made that the application for permit should state certain particulars which will be contained in the certificate of registration of the vehicle. It was pointed out that a man might apply for a permit before buying a vehicle or before having it registered in his name, consequently those provisions were deleted by the Select Committee. Through an oversight this provision was not deleted and, I submit, it should be now.

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

“ That sub-clause (b) of clause 51 of the Bill be omitted.”

The motion was adopted.

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

“ That clause 51, as amended, stand part of the Bill.”

The motion was adopted.

Clause 51, as amended, was added to the Bill.

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

“ That clause 52 stand part of the Bill.”

Mr. T. S. Avinashilingam Chettiar : Sir, I beg to move :

“ That in sub-clause (1) of clause 52 of the Bill, for the words ‘ are necessary ’ the words ‘ will not be used except ’ be substituted.”

The clause, as it stands, reads as follows :

“ A Regional transport authority shall, in deciding whether to grant or refuse a private carrier's permit, have regard to the condition of the roads to be used by the vehicle or vehicles in respect of which the application is made and shall satisfy itself that the vehicle or vehicles for which the permit is required are necessary in connection with the business of the applicant.”

According to this clause, it will be necessary for the applicant to satisfy that it is necessary and the word used is "shall". It will be rather difficult with regard to the word used in the clause and so we want that if the applicant gives an assurance that it will be used for his own private business and no other and will not in any sense compete with a public carrier, it must be allowed, consistently with the facilities of the road. Sir, I move.

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

"That in sub-clause (1) of clause 52 of the Bill, for the words 'are necessary' the words 'will not be used except' be substituted."

The Honourable Mr. A. G. Clow : Sir, I recognise that there is a difficulty here in that the authority may have difficulty in satisfying itself as to the necessity in all cases ; and the condition is possibly a little unduly stringent. I must say quite frankly that I think the Regional Authority will not find it very easy to satisfy itself about the new condition that is proposed ; but I understand that it has the assent of the House generally and I do not oppose it.

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

"That in sub-clause (1) of clause 52 of the Bill, for the words 'are necessary' the words 'will not be used except' be substituted."

The motion was adopted.

Mr. Suryya Kumar Som : Sir, I beg to move :

"That in sub-clause (2) of clause 52 of the Bill, the words 'the description of goods which may be carried, or' be omitted."

Here the Regional Authority is authorised to restrict the class of goods to be carried by a private carrier. It is a preposterous proposition and will do away with the necessity of any private man owning a bus. Sir, in the cities a miscellaneous merchant keeps a car or bus or lorry to carry his goods to a mofussil bazar or to buy things there when it is advantageous and to bring them into his shop. Now, the bus or lorry owner himself does not know what are the things which it will be profitable for him to buy next month or next year or even next day. Then a merchant who deals in all sorts of goods does not know what it will be profitable for him to deal in at any particular season or in any particular area. So, he himself, is not aware for what purpose he will have to use his bus or lorry. So, it will be unjust to ask him to name the things he will carry, in order to get a permit. Then, Sir, what is the necessity of restricting private buses to the carrying of a particular thing or things ? The heavens will not fall if a private owner is allowed to carry his own goods. I find here that there is a conspiracy to kill the bus service in India and benefit the railways.

Sir, I move.

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

"That in sub-clause (2) of clause 52 of the Bill, the words 'the description of goods which may be carried, or' be omitted."

Mr. K. G. Mitchell : Sir, I regret that I must again oppose the amendment of my Honourable friend, Mr. Som. He is again talking of conspiracies. There is nothing of the sort. The difficulty is that in order to prevent an abuse of private carriers' permits, in competition with legitimate public carriers, you must have some means of *prima facie* determination whether the condition of the permit is being observed or not, the condition being that the private carrier shall not carry goods for other people for hire or reward. The ordinary private carrier who has a definite private business requiring transport, when he satisfies the Regional Transport Authority that his lorry will not be used for the carriage of other persons' property for hire or reward, must be in a position to say more or less what his business is, and he can state it to the best of his ability. It is then permissive on the Regional Transport Authority to say on the permit that it is for a lorry of such and such size and to travel within such and such area and to carry such and such description of goods (roughly). If that man is found outside that area or within that area carrying goods which do not tally with the general description in the permit, then there is a *prima facie* case that he is abusing the permit and he will be asked by the Regional Transport Authority to explain it. Unless you have some provision of this nature I do not see that it is possible to have any sort of check on what a private carrier is doing. Now, in the case envisaged by my Honourable friend, Mr. Som, he said that a man might have a lorry or a fleet of lorries for the carriage of miscellaneous merchandise and he would not know from one month to another what he was going to carry or, indeed, whether he was ever going to carry anything at all. I submit that in that sort of case possibly the employment of a public carrier would be more profitable to him. But if he is not in a position to employ a public carrier he can say, "I want a permit for my lorry. I have no idea of what I am going to carry". And, if on those conditions the Regional Transport Authority is satisfied that he is not really going to use it for hire or reward they will or will not grant him a permit, as the case may be. But I do submit that in the vast majority of cases it is possible for a genuine *bona fide* private carrier to indicate in a general way what he is going to carry, and that, in order to prevent gross abuse of private carriers' permits, it is desirable that the Regional Authority should have power to require, when they think necessary, that these things should be stated.

Sir, I oppose the amendment.

Pandit Lakshmi Kanta Maitra (Presidency Division : Non-Muhammadan Rural) : Sir, I have listened with attention to the arguments of my Honourable friend, Mr. Mitchell, in reply to this motion, and I am surprised that he does not see how this power, given to the Regional Transport Authority, will operate to the prejudice of the trade and industry of this country. My friend shakes his head, but I may tell him that while shaking one's head is one form of argument, talking logic is another. I may tell the House at once that I will have no compromise with the position that any authority should have the right or power to interfere with my right and privilege of carrying my own goods to my own places in my own carriers. That is a proposition which will admit of no compromise, and, whatever plausible arguments

may be advanced by my friend that the lorry might be misused, one refuses to be convinced. What is his answer to a man who runs a small factory in a district town and asks for carrying his own merchandise in his own conveyance? The Regional Authority must in the nature of things be confined to small areas and in those areas a man who has an established business may find it to his benefit and advantage to maintain, not necessarily a fleet of lorries, but one or two buses or lorries by which he can not only bring the raw materials to his factory but can also distribute the finished products throughout the district; in such cases traders and merchants can well feel that sending a particular class of goods to a distance of 20 or 25 miles by railway will not only cause hardship, but entail delay and trouble and expense; whereas in a short time of two hours or an hour and a half, they can despatch their goods to their customers. That right should not be interfered with by any one by any plausible argument whatever. In connection with Clause 42, my Honourable friend got accepted the principle that it is only the Provincial Transport Authority which, in consultation with the Regional Transport Authority and other authorities concerned, may prescribe that in respect of certain classes of carriers only certain specified classes of goods should be allowed to be carried; but why does he carry it on to the utmost limits and allow that principle to filter down to the lowest regional areas where these bodies also will be clothed with very wide powers which he wanted to invest only the Provincial Transport Authority with? What is the justification for it? Does he not see that this is a power likely to be abused by the regional authorities in the interests of the railways? Apart from that I say that he will be interfering with the free movement of trade in the rural areas. It is not a matter of long distance traffic. In the cases of the regional areas the distances will be generally not very long. He has no right to stop or restrict the movement of goods in a limited area by these arbitrary methods. Nobody has any right to force me to use public carriers when I can, by using my own private carriers, avoid the public carriers or the Railways. I want my Honourable friend to carefully bear this proposition in mind. He has put in special pleading for public carriers because the railways may not come in in these areas. I say the railways will come in and this plea of protecting public carriers will not carry him far because public and private carriers may carry on their business legitimately as may be prescribed by the permit; but private carriers should be given the latitude to deal with miscellaneous merchandise of their owners carrying them in the way their owners like. This is a perfectly legitimate demand and it cannot be ignored. Sir, I support the amendment.

Honourable Members : The question may now be 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 in sub-clause (2) of clause 52 of the Bill, the words ‘ the description of goods which may be carried, or ’ be omitted.”

(A small number of Members supported the motion.)

Mr. President (The Honourable Sir Abdur Rahim) : I should like the Honourable Members who are in support of this amendment to rise in their places.

1 P.M.

(About 20 Members stood in their seats, and the Assembly thereupon divided :)

AYES—21.

Abdur Rasheed Chaudhury, Maulvi.
Aney, Mr. M. S.
Bajoria, Babu Baijnath.
Banerjee, Dr. P. N.
Boyle, Mr. J. D.
Chapman-Mortimer, Mr. T.
Chattopadhyaya, Mr. Anarendra Nath.
Datta, Mr. Akhil Chandra.
Griffiths, Mr. P. J.
Ismail Khan, Haji Chaudhury Muham-
mad.

James, Mr. F. E.
Lalchand Navalrai, Mr.
Maitra, Pandit Lakshmi Kanta.
Miller, Mr. C. C.
Murtuza Sahib Bahadur, Maulvi Syed.
Parma Nand, Bhai.
Sant Singh, Sardar.
Scott, Mr. J. Ramsay.
Smith, Lieut.-Colonel H. C.
Som, Mr. Suryya Kumar.
Town, Mr. H. S.

NOES—70.

Abdul Hamid, Khan Bahadur Sir.
Abdul Qaiyum, Mr.
Abdul Wajid, Maulvi.
Ahmad Nawaz Khan, Major Nawab Sir.
Ahmed, Mr. K.
Anderson, Mr. J. D.
Ayyangar, Mr. M. Ananthasayanam.
Ayyar, Mr. N. M.
Bajpai, Sir Girja Shankar.
Bewoor, Mr. G. V.
Chaliha, Mr. Kuladhar.
Chanda, Mr. A. K.
Chatterjee, Mr. R. M.
Chaudhury, Mr. Brojendra Narayan.
Chettiar, Mr. T. S. Avinashilingam.
Chunder, Mr. N. C.
Clow, The Honourable Mr. A. G.
Conran-Smith, Mr. E.
Dalpat Singh, Sardar Bahadur Captain.
Das, Pandit Nilakantha.
Desai, Mr. Bhulabhai J.
Deshmukh, Dr. G. V.
Deshmukh, Mr. Govind V.
Dutt, Mr. S.
Faruqui, Mr. N. A.
Gadgil, Mr. N. V.
Ghulam Muhammad, Mr.
Govind Das, Seth.
Gupta, Mr. K. S.

Hans Raj, Raizada.
Hegde, Sri K. B. Jinaraja.
Highet, Mr. J. C.
Hosmani, Mr. S. K.
Jawahar Singh, Sardar Bahadur Sardar
Sir.
Jedhe, Mr. K. M.
Jogendra Singh, Sirdar.
Joshi, Mr. N. M.
Kailash Behari Lal, Babu.
Kamaluddin Ahmed, Shams-ul-Ulema.
Lahiri Chaudhury, Mr. D. K.
Lloyd, Mr. A. H.
Mackeown, Mr. J. A.
Mangal Singh, Sardar.
Maxwell, The Honourable Mr. R. M.
Metcalfe, Sir Aubrey.
Misra, Pandit Shambhu Dayal.
Mitchell, Mr. K. G.
Muhammad Ahmad Kazmi, Qazi.
Mukerji, The Honourable Sir Manmatha
Nath.
Nur Muhammad, Khan Bahadur Shaikh.
Pande, Mr. Badri Dutt.
Raghubir Narayan Singh, Choudhri.
Rahman, Lieut.-Colonel M. A.
Ramayan Prasad, Mr.
Ranga, Prof. N. G.
Rao, Mr. M. Thirumala.

Santhanam, Mr. K.
 Satyamurti, Mr. S.
 Sheodass Daga, Seth.
 Sher Muhammad Khan, Captain Sardar
 Sir.
 Singh, Mr. Gauri Shankar.
 Sinha, Mr. Satya Narayan.
 Sri Prakasa, Mr.

Subedar, Mr. Manu.
 Sukthankar, Mr. Y. N.
 Sundaram, Mr. V. S.
 Varma, Mr. B. B.
 Walker, Mr. G. D.
 Yamin Khan, Sir Muhammad.
 Zafullah Khan, The Honourable Sir
 Muhammad.

The motion was negatived.

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

“ That clause 52, as amended, stand part of the Bill ”

The motion was adopted.

Clause 52, as amended, was added to the Bill.

Clauses 53, 54 and 55 were added to the Bill.

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

“ That clause 56 stand part of the Bill.”

Maulvi Abdur Rasheed Chaudhury (Assam : Muhammadan) : Sir, I beg to move :

“ That the proviso to sub-clause (2) of clause 56 of the Bill be omitted.”

A reference to sub-clause (2) will show that this clause provides that the application for permit will have to be made six weeks before it comes into operation. In the second case, it provides that the regional transport authority will fix a date on which the application for permit will have to be made. These are the two general rules which have been provided under sub-clause (2). This proviso is intended to make an exception, that is to say, a man may not apply six weeks before the permit is intended to be used or he may not apply on the date fixed by the regional transport authority. He may or may not apply for it on any other date, but the regional authority will take up that case. This exception, Sir, will have a very bad effect. In the first place, it will give rise to favouritism to regional transport authority ; secondly, it may lead to abuse of powers on the part of the regional transport authority. Therefore, Sir, we do not like that there should be any exception to the general rule provided under sub-clause (2). We do not like to encourage favouritism or misuse of power on the part of the regional transport authority. This is the object of my amendment, and I hope the House will accept it.

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

“ That the proviso to sub-clause (2) of clause 56 of the Bill be omitted.”

The Honourable Mr. A. G. Clow : I see no objection to this amendment. It prevents the possibility of any abuse.

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

“ That the proviso to sub-clause (2) of clause 56 of the Bill be omitted.”

The motion was adopted.

Mr. K. G. Mitchell : Sir, I beg to move :

“ That in sub-clause (3) of clause 56 of the Bill, the words ‘ objections or ’, wherever they occur, be omitted.”

In sub-clause (1) of Clause 46, in Clause 49 and Clause 54 the word used is “ representation ” only. The addition of the word “ objection ” may suggest that something more is intended than is contained in the detailed clauses. Therefore, I move that those words be omitted. I move.

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

“ That in sub-clause (3) of clause 56 of the Bill, the words ‘ objections or ’, wherever they occur, be omitted.”

The motion was adopted.

Mr. K. G. Mitchell : Sir, I beg to move :

“ That in sub-clause (4) of clause 56 of the Bill, the words ‘ objection or ’, wherever they occur, be omitted.”

This is similar to the previous amendment.

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

“ That in sub-clause (4) of clause 56 of the Bill, the words ‘ objection or ’, wherever they occur, be omitted.”

The motion was adopted.

Mr. K. G. Mitchell : Sir, I beg to move :

“ That in sub-clause (5) of clause 56 of the Bill, the words ‘ objection or ’, wherever they occur, be omitted.”

This is similar.

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

“ That in sub-clause (5) of clause 56 of the Bill, the words ‘ objection or ’, wherever they occur, be omitted.”

The motion was adopted.

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

“ That clause 56, as amended, stand part of the Bill.”

The motion was adopted.

Clause 56, as amended, was added to the Bill.

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

“ That clause 57 stand part of the Bill.”

Mr. K. G. Mitchell : Sir, I beg to move :

“ That in sub-clause (1) of clause 57 of the Bill, the words ‘ not less than three years and ’ be omitted.”

This is part of an amendment which is completed by No. 408 standing in my name. The intention is to provide that a permit shall be valid for not more than five years and, normally, for not less than three years unless a shorter period is prescribed. The Bill as introduced

contained a provision that a permit should be valid for a period not exceeding four years unless a lesser period was specified by the Regional Transport Authority, and left it to the entire discretion of the Regional Authority to grant permit for any period up to four years as it liked. In the Bill as reported by the Select Committee, a rigid provision is made that a permit should be valid for five years at the maximum and three years at the minimum.....]

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member can continue 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.

Mr. K. G. Mitchell : When the House adjourned for Lunch, I had moved amendment No. 406 to Clause 57 standing in my name and was proceeding to discuss it. As a result of conversations during the luncheon interval, I propose to withdraw that amendment with the permission of the House and to move another amendment in substitution for amendment No. 408, a revised draft of which I have circulated to Honourable Members. In the circumstances, I ask for leave to withdraw amendment No. 406.

The amendment was, by leave of the Assembly, withdrawn.

Mr. K. G. Mitchell : Sir, with the permission of the House, I beg to substitute the following amendment for amendment No. 408 on the order paper. It is as follows :

“ That in sub-clause (1) of clause 57 of the Bill, the following proviso be added :

‘ Provided that in the case of a permit issued within two years of the commencement of the Act, the permit shall be effective without renewal for such period of less than three years as the Provincial Government may prescribe.’ ”

Have I got the permission of the House to move this ?

(No objection was raised.)

The position is briefly this. My information is that in some provinces they have not got a regular permit system in force and, therefore, permits will have to be issued for the first time to a number of vehicles according as they can determine on what routes they are actually running. In some provinces they have very wide permits and, actually, where the vehicles are running or not is settled by arrangement among the vehicle owners. Therefore, it is possible that in the first allotment of permits certain mistakes may be made and in order not to perpetuate those mistakes for three years, we wish to have this provision that for the two years from the commencement of the Act permits may be issued for a lesser period than three years as prescribed by the Provincial Government. Sir, I move.

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

“ That in sub-clause (1) of clause 57 of the Bill, the following proviso be added :

‘ Provided that in the case of a permit issued within two years of the commencement of the Act, the permit shall be effective without renewal for such period of less than three years as the Provincial Government may prescribe.’ ”

Mr. K. Santhanam : I want to make a suggestion that after the word " issued " the words " or renewed " be added. The main object of this proviso is they want to make readjustment as soon as the Act comes into operation. I am doubtful whether the word " issued " covers the renewal of existing permits and I want to make it quite clear.

Mr. K. G. Mitchell : I accept that amendment.

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

" That in sub-clause (1) of clause 57 of the Bill, the following proviso be added :

' Provided that in the case of a permit issued or renewed within two years of the commencement of the Act, the permit shall be effective without renewal for such period of less than three years as the Provincial Government may prescribe '."

Mr. K. Santhanam : As the amendment originally stood, we had determined to oppose it, because the purpose of putting a minimum of three years in the Select Committee was that there should be some stability, whenever a permit is issued. We do not want people to incur expenditure and then be told after one year that the permit is not valid and must be renewed. The present proviso does not disturb the general principle upon which the Select Committee amendment was made, and, therefore, I support this motion.

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

" That in sub-clause (1) of clause 57 of the Bill, the following proviso be added :

' Provided that in the case of a permit issued or renewed within two years of the commencement of the Act, the permit shall be effective without renewal for such period of less than three years as the Provincial Government may prescribe '."

The motion was adopted.

Pandit Lakshmi Kanta Maitra : Sir, I move :

" That for sub-clause (2) of clause 57 of the Bill, the following be substituted :

' (2) A permit granted to a person shall be renewed to him on application made to the Regional Transport Authority '."

The idea behind this amendment is very simple. It relates only to the case of a renewal of a permit which has been issued to a person after full consideration of all the relevant facts connected with the issue of permits. I want that when all conditions are satisfied and when a particular party has been giving service quite satisfactorily at the time of renewal, no discretion should be left to the Regional Transport Authority to stand in the way of renewal. In other words I want that the renewal should be made automatic as far as possible. If there are any circumstances relating to the breach of any conditions of the permit, there has been made enough provision in the statute to penalise him or to deal with him severely. If the conditions are, however, duly complied with by the party, I do not see any reason why the transport authority should have the additional power of exercising its discretion which may result in withholding the renewal. It may be argued that in sub-clause (2) of Clause 57 of the Bill, in the second proviso, it is provided that other conditions being equal an application for renewal shall be given preference over new applications for permits. This sec-

tion if enacted into law may be interpreted by the Regional Transport Authority in a variety of ways. What is exactly meant by saying : ' other conditions being equal ' . There may be the same set of circumstances and the explanations given may be different on different occasions. For instance, at the time of renewal, it may be said by the Regional Transport Authority to a man who applies for renewal : ' Look here, there is a new applicant who is a limited concern. He has much better financial strength than you and he has got a better chance of running the business more successfully or of fulfilling the conditions than you can ' . Arguments like this may be raised against him and he may be shut out. I have known how explanations are given by officers in this country with regard to particular cases. There was failure of crop in one year and there was a consequent fall in the income from court fees. The High Court wanted the subordinate courts to submit an explanation. The explanation given was that the paucity of law suits had been due to the failure of crops as people had no money to engage in litigation. The High Court accepted that view. Next year there was a bumper crop and even then there was no rise in the income from court fees and the fall in revenue was maintained. This time the explanation was, " well, the people had a bumper crop, and they could sell so much and there was so much money in their possession that they paid their dues to their creditors without asking and, therefore, there was no necessity for their going to the law courts " . So explanations are generally plausible or fanciful differing according to the whims and caprices of people who are asked to give explanations. Therefore, I want to be very specific that the Regional Transport Authority will not have any discretion left in the matter of a renewal provided he has not violated any of the conditions of the permit in which case he can easily be brought to book by the authorities. Sir, I move.

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

" That for sub-clause (2) of clause 57 of the Bill, the following be substituted :

' (2) A permit granted to a person shall be renewed to him on application made to the Regional Transport Authority ' . "

Mr. K. G. Mitchell : Sir, I am afraid I must oppose this amendment. I admit that there may be some little difficulty about the words " other conditions being equal " in the proviso but the defect, if there is any defect there, would not really be removed by the amendment which the Honourable the Mover has moved because that would simply remove all discretion whatever.

Pandit Lakshmi Kanta Maitra : Why do you allow any discretion at all ?

Mr. K. G. Mitchell : If you will listen, I will try and tell you why. It is possible and conceivable that occasions may occur when there is overcrowding of busses on a certain route. Now the Regional Transport Authority is a responsible authority, it is going to be a mixed body of officials and non-officials, under the control of the Provincial Transport Authority and under the control of the Provincial Government, and such a body must be given discretion to consider whether there is a gross overcrowding on routes, and to reduce that overcrowding to terms where the competition is healthy.....

Pandit Lakshmi Kanta Maitra : That is an absolutely different matter. Here I am asking for the automatic renewal of the license.

Mr. K. G. Mitchell : Exactly. Where there is overcrowding on a route, if the Regional Transport Authority has no discretion whatever and has to renew every permit existing on that route in perpetuity, then that overcrowding will remain in perpetuity ; and, therefore, the Regional Transport Authority must have discretion not to renew a permit when there are too many. Sir, I oppose the motion.

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

“ That for sub-clause (2) of clause 57 of the Bill, the following be substituted :

‘ (2) A permit granted to a person shall be renewed to him on application made to the Regional Transport Authority ’.”

The motion was negatived.

Pandit Lakshmi Kanta Maitra : Sir, I move :

“ That after the proviso to sub-clause (2) of clause 57 of the Bill, the following further proviso be added :

‘ Provided further that an appeal shall lie against an order of refusal of renewal of the permit to the prescribed authority within the prescribed time ’.”

The Honourable Mr. A. G. Clow : Sir, I rise on a point of order. I suggest that this point comes in on clause 63 where the Honourable Member has tabled a further amendment and that we might discuss it then. If his amendment No. 5 on List No. 12 is carried, it will fully cover the point he is now making. I think that is the proper course and I think we might wait till we come to that clause.

Pandit Lakshmi Kanta Maitra : If the Honourable Member can give me an assurance that there will be no arbitrary refusal of the right of appeal, I might do that but.....

The Honourable Mr. A. G. Clow : It is not a question of giving an assurance. I may say I am quite favourably inclined to it, but it is a question of where the amendment properly comes. I submit that the correct amendment is No. 5 on List No. 12. I submit this is out of order.

Pandit Lakshmi Kanta Maitra : With regard to the point of order raised, I want to submit that it is perfectly in order to table an amendment immediately after the clause against which the appeal is provided.....

Mr. Deputy President (Mr. Akhil Chandra Datta) : It is not suggested that amendment No. 2 will not be moved. The whole point raised is that it will be moved with greater propriety after No. 5. That is the whole point.

Pandit Lakshmi Kanta Maitra : I shall, therefore, withdraw it now.

The amendment was, by leave of the Assembly, withdrawn.

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

“ That clause 57, as amended, stand part of the Bill.”

The motion was adopted.

Clause 57, as amended, was added to the Bill.

Clause 58 was added to the Bill.

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

“ That clause 59 stand part of the Bill.”

Sardar Mangal Singh (East Punjab : Sikh) : Sir, I beg to move :

“ That in sub-clause (1) of clause 59 of the Bill, after the word ‘ may ’, occurring for the first time in the second line, the words ‘ after hearing the explanation, if any, of the permit holder ’ be inserted.”

If this amendment is incorporated in the clause, it would read thus :

“ The transport authority which granted a permit may after hearing the explanation, if any, of the permit holder cancel the permit or may suspend, etc.”

The object of this amendment, as the Honourable Members would observe, is to give an opportunity to the permit holder to put his case before the cancelling authority and to plead for it. It is a well recognised principle of law that no man should be condemned unheard and I hope that the Honourable the Mover of this Bill will accept this amendment. Sir, I move.

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

“ That in sub-clause (1) of clause 59 of the Bill, after the word ‘ may ’, occurring for the first time in the second line, the words ‘ after hearing the explanation, if any, of the permit holder ’ be inserted.”

The Honourable Mr. A. G. Glow : Sir, amendments Nos. 416, 417, 418, 419, 422 and 423 deal with the same point, but in my opinion Prof. Banerjea's amendment No. 423 is the happiest one in its wording. I would, therefore, suggest to the Honourable the Mover of this amendment that he might withdraw it and we might agree to amendment No. 423.

The amendment was, by leave of the Assembly, withdrawn.

Dr. P. N. Banerjea : Sir, I move :

“ That to sub-clause (1) of clause 59 of the Bill, the following proviso be added :

‘ Provided that no permit shall be cancelled unless an opportunity has been given to the holder of the permit to submit his explanation ’.”

No words of recommendation are necessary, and I hope the Government will accept it.

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

“ That to sub-clause (1) of clause 59 of the Bill, the following proviso be added :

‘ Provided that no permit shall be cancelled unless an opportunity has been given to the holder of the permit to submit his explanation ’.”

The motion was adopted.

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

“ That clause 59, as amended, stand part of the Bill.”

The motion was adopted.

Clause 59, as amended, was added to the Bill.

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

“ That clause 60 stand part of the Bill.”

Pandit Lakshmi Kanta Maitra : Sir, I move :

“ That in the first proviso to sub-clause (1) of clause 60 of the Bill, for the word ‘ fifteen ’ the word ‘ thirty ’ be substituted.”

In connection with this amendment I only wish to submit to the House that the period allowed in the clause is far too short and I want to have it extended to one month, because, after the death of the owner, the family is generally in mourning and there may be many other circumstances which might make it impossible to inform the authorities within that short period. Sir, I move.

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

“ That in the first proviso to sub-clause (1) of clause 60 of the Bill, for the word ‘ fifteen ’ the word ‘ thirty ’ be substituted.”

The Honourable Mr. A. G. Clow : Sir, I think Mr. Maitra's argument is very reasonable, and I support the amendment.

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

“ That in the first proviso to sub-clause (1) of clause 60 of the Bill, for the word ‘ fifteen ’ the word ‘ thirty ’ be substituted.”

The motion was adopted.

Pandit Lakshmi Kanta Maitra : Sir, I move :

“ That in sub-clause (2) of clause 60 of the Bill, the words ‘ at its discretion ’ be omitted.”

Sir, in the matter of the transfer of the permit to the successor, I do not want to give the Regional Transport Authority any discretion. The arguments advanced by me in connection with the previous amendment apply to this case also, and I do not think that the Regional Transport Authority should be given a discretion in the matter of sanctioning a transfer. Moreover, I do not quite see the necessity of the expression “ at its discretion ” when the word “ may ” is already there. This expression is quite redundant and I hope the Honourable Member in charge of the Bill will make another gesture and accept it. Sir, I move.

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

“ That in sub-clause (2) of clause 60 of the Bill, the words ‘ at its discretion ’ be omitted.”

The Honourable Mr. A. G. Clow : Sir, I agree that the words are redundant, and I accept the amendment.

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

“ That in sub-clause (2) of clause 60 of the Bill, the words ‘ at its discretion ’ be omitted.”

The motion was adopted.

Mr. Deputy President (Mr. Akhil Chandra Datta) : The question 3. P.M. is :

“ That clause 60, as amended, stand part of the Bill.”

The motion was adopted.

Clause 60, as amended, was added to the Bill.

Clause 61 was added to the Bill.

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

“ That clause 62 stand part of the Bill.”

Mr. Surya Kumar Som : Sir, I beg to move :

“ That sub-clause (2) of clause 62 of the Bill be omitted, and the subsequent sub-clauses be re-numbered accordingly.”

Sir, sub-clause (2) reads :

“ A Regional Transport Authority when countersigning the permit may attach to the permit any condition which it might have imposed if it had granted the permit, or may vary any condition attached to the permit by the Authority by which the permit was granted.”

I would like the House to consider what an absurd situation this might create. Supposing a bus, with a permit to carry 25 passengers, starts from Howrah, and then it travels through Bihar Province. Supposing the Regional Transport Authority in Bihar wants the bus driver to decrease the number of passengers to 10 or 12.....

An Honourable Member : Why should he do ?

Mr. Surya Kumar Som : I say why should you give such a power ? Do you think that the Regional Transport Authority is beyond corruption. A body consisting of daffadars, chaukidars and sub-inspectors is not expected to be above corruption. After the passing of this measure, I will show next year in how many Regional Transport Authorities, daffadars and sub-inspectors and chaukidars have been appointed. You will know it by and by. At present. I submit. this House should not enact a law whose provisions will be absurd. As I was submitting, Sir, supposing a bus starts from Howrah with a permit for 25 passengers and on the way in Bihar. he is asked to decrease the number of passengers, then what has the driver got to do ? Is he to retrace his steps and come back to Howrah ? I submit, a provision like this does not help motor transport industry at all. In other clauses you have prescribed that an authority given, say, in Bengal will be all right throughout India, British India and the Indian States. There we deal with presumption of some sort, that is reliance on all the transport authorities. that is that all the transport authorities are working with the same aim. Why should we suspect that one transport authority is trying to cheat another transport authority or is trying to put a heavier burden

[Mr. Suryya Kumar Som.]

on the other ? The presumption is that there will be co-operation amongst the different Provincial Transport Authorities and the Regional Authorities. Unless we can expect such co-ordination and co-operation, I am sure the working of this measure will come to a standstill. Now, Sir, why this power of attaching a condition to the permit is given to the Regional Transport Authority, I cannot understand. I bring to the notice of the House the absurdity or the difficulty in the actual working of this provision. If there is a good reason for the retention of this provision, then I shall reconsider my position. Sir, I move.

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

“ That sub-clause (2) of clause 62 of the Bill be omitted, and the subsequent sub-clauses be re-numbered accordingly.”

Mr. K. G. Mitchell : Sir, I am afraid that my Honourable friend, Mr. Som, and his party must be thinking me as a bird of ill-omen by now, but I am afraid I must again oppose this amendment. My Honourable friend keeps on basing his argument on the allegation that the Regional Transport Authority will consist of daffadars, chaukidars and others whom he elects to call riff-raff. Well, Sir, if he applies his mind from that angle he naturally gets distorted and I may say jaundiced vision of what we propose. He says that in parctical working the provision of this clause would result in something which he calls absurd. But, at least, it has this merit that the result would not be quite so absurd as that which would follow if the amendment proposed by my Honourable friend were accepted. Because, in that case, the Regional Transport Authority would not be able to attach any conditions to the permit and would be faced with the alternative of refusing to back any permit presented to it or, on the other hand, losing the entire control in its own region and having to rest content with its right to control traffic in its region being exercised by outside authorities over which he had no control whatsoever. Naturally, Regional Transport Authorities will co-operate, but you cannot possibly set up an authority which is responsible for the control of transport in a certain region and then say that it should have no say whatever in the control of vehicles which will come into it from any region at the other end of India for that matter. That position, I submit, would be very absurd and I do not think that my Honourable friend's apprehensions as to what would happen under the rather curious authorities which he envisaged are at all justified. So, I oppose the amendment.

Mr. K. Santhanam : Sir, I do appreciate the difficulties pointed out by my Honourable friend, Mr. Suryya Kumar Som, so far as this amendment is concerned. But we cannot allow motor vehicles from another region to be plied in one region under conditions different from those applying to that region. We have provided for safeguards in clause 43 under which a provincial transport authority has been given power to issue directions to the regional transport authority and clause 63 gives an appeal if any onerous conditions are attached.

Subject to these two safeguards, I suggest that sub-clause (2) is necessary and so I would urge upon my Honourable friend to withdraw his amendment.

Dr. Sir Ziauddin Ahmad : Sir, the words "any condition" in sub-clause (2) appear to me to be too vague and too large. For example, if a permit is given by one authority another Regional Authority may say that they will not allow it to pass through their territory. So, I think this requires to be specified a little further, that is, what are the conditions under which they can restrict. But as it stands it is very large, and they can stop on any ground whatsoever.

The Honourable Mr. A. G. Clow : Sir, I think my Honourable friend, Sir Ziauddin, is under a misapprehension. The Authority can only impose conditions that it could have imposed on an application which was made to it originally. That is surely obviously reasonable; otherwise, there will be the extraordinary position, as Mr. Mitchell pointed out, that persons from outside the region will have a more favoured position than those living in it.

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

"That sub-clause (2) of clause 62 of the Bill be omitted, and the subsequent sub-clauses be re-numbered accordingly."

The motion was negatived.

Mr. Sri Prakasa (Allahabad and Jhansi Divisions : Non-Muhamadan Rural) : Sir, I move :

"That in sub-clause (4) of clause 62 of the Bill, after the word 'region', occurring in the fifth line, the words 'or province' be inserted."

Sir, I shall briefly describe the difficulty that I am trying to overcome by moving this amendment. I have studied the Bill carefully; and I tried to obviate a peculiar difficulty that I have myself experienced by suggesting various amendments to various clauses. At last our authority on the Bill, my Honourable friend, Mr. Santhanam, has advised me that if I put in this amendment to this particular clause, probably the difficulty that I was worrying over would be eliminated. The difficulty is just this. Very often in a sudden emergency, a party or members of a family, may employ a stage carriage in order to take them to their destination. It may be a case of a sudden illness, for instance, or a desire to visit a fair or a marriage. When a stage carriage is so employed, it becomes a contract carriage; and my desire is that when once a stage carriage becomes a contract carriage in those circumstances, it should have the status of a private vehicle, namely, that it should not be put to any difficulties on the road.

I believe I can best describe the situation by giving my own experience. At the time of the last Kumbh at Hardwar, I and my family got a stage carriage at Delhi to take us to Hardwar. We had to traverse two provinces and four districts and we were worried at the borders of practically every one of these districts. All persons who are detailed on duty do not necessarily know the law. I armed myself with a permit from the District Superintendent of Police of Delhi

[Mr. Sri Prakasa.]

saying that I could go to Hardwar. But some officials on the road thought that I had to re-register the vehicle in the United Provinces as I had crossed over from the province of Delhi. Somehow or other we traversed three districts, when on the border of Muzaffernagar just before crossing into the Saharanpur district, we were finally stopped and they said I must go back about 22 miles to the headquarters of the Muzaffernagar District, namely, the Muzaffernagar City that we had already passed, and get my permit endorsed and the carriage re-registered. We had to adopt a ruse and we said we would get it registered at Roorkee in the next district; and if we committed any sin we washed it off by a bath in the river at Hardwar. So I proceeded and I was able to go and come back safely.

But I feel that for such circumstances there should be provisions so that such vehicles may not be worried even when they traverse not only a different region in the same province but go to a different province itself. That is why I am moving these two amendments which I have already circulated to the Members of the House and which stand together. If this is accepted I shall with your permission move the second one to complete the picture. Sir, I move.

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

“ That in sub-clause (4) of clause 62 of the Bill, after the word ‘ region ’, occurring in the fifth line, the words ‘ or province ’ be inserted.”

Pandit Lakshmi Kanta Maitra : Sir, I fully agree with my Honourable friend, the Mover, when he says that a particular permit issued for a particular purpose contemplated in clause 61 may be also valid in another province. While I fully sympathise with him I also realise some difficulty which is likely to occur even when my friend adds the word “ province ” after “ region ”. The House will see that clause 61 of the Bill lays down the circumstances under which a temporary permit may be issued to meet temporary emergencies. Of these three particular conditions I think the emergency or the eventuality contemplated in sub-clause (c) is the most important, because the need might occur in a moment and also the need may not extend over a long period. But clause 62 controls the provisions of clause 61 and prescribes that :

“ Notwithstanding anything contained in sub-section (1), a Regional Transport Authority of one region may issue a temporary permit under clause (a) or clause (c) of sub-section (1) of section 61 to be valid in another region with the concurrence, given generally or for the particular occasion, of the Regional Transport Authority of that other region.”

So that you have also to get the concurrence of the Regional Authority or the Provincial Authority of an adjoining district or province where you may have to go in pursuance of that urgent need. You cannot do away with that. Perceiving that difficulty I tabled two amendments. By one amendment I wanted to have the deletion of the portion commencing from “ with the concurrence of ”, etc. That is one difficulty. I quite realise that in cases contemplated by sub-clause (a) and even by sub-clause (b) there should be some concurrence of the other Provincial or Regional Authorities, but (c) con-

templates cases where a man may not know when his need may arise and how it may arise and how long it may continue. For instance, a certain person is in Delhi. There is a death in the family and he wants for cremation purposes to take him to Hardwar. How can he wait to have the concurrence of the adjoining Regional Authority? Do you mean to say that the dead body should be preserved till permission is obtained? Suppose somebody is in Delhi and he has a relation a long way off where he is ill. If he likes to see him he has to travel through several districts and provinces. Will he have to wait till he gets the concurrence of every Regional or Provincial Authority? By simply putting in these words you cannot obviate the necessity of having the concurrence of the other Regional or Provincial Authorities. My Honourable friend, Mr. Chunder, says: "concurrence generally"; probably his argument is that at the time of issuing the permit a general condition will be put in the permit....

Mr. N. C. Chunder (Calcutta : Non-Muhammadan Urban) : There will be a sort of general understanding between the two provinces or between the two regions. On these general grounds one Regional Authority will be supposed to have given the concurrence. It does not require a countersignature here.

Pandit Lakshmi Kanta Maitra : My Honourable friend has given an explanation which explains nothing and which simply complicates things. It means there will be secret understandings.....

Mr. N. C. Chunder : I said "general understanding".

Pandit Lakshmi Kanta Maitra : General understanding does not carry you any further. What will be the harm if there is exemption for this particular purpose or for purposes such as marriage parties or tourist parties or funerals or things like that—when you may have immediately to travel a distance passing through several districts and provinces?.....

Mr. N. C. Chunder : I cannot give you understanding.

Pandit Lakshmi Kanta Maitra : Nobody can give understanding if he has none and nobody can make elaborate provision for contingencies in advance. Therefore, I have tabled an amendment in which I exempt cases contemplated by sub-clause (c), in which I say that in such cases no concurrence will be necessary. In the case of the other two—(a) and (b), there may be concurrence; but in a particular case of this nature which may occur any moment without giving timely notice, you should not be called upon to have the concurrence of the other Regional or Provincial Authorities. I have not yet moved my amendment; but if Mr. Sri Prakasa's amendment is carried, it will be somewhat better than the original provision. I believe, however, that having regard to all the circumstances, my amendment will cover all the situations. I do not want to exclude cases covered by (a) and (b). I want only to exclude cases contemplated by (c). With these words, I support the spirit of my Honourable friend's amendment.

Mr. K. G. Mitchell : Sir, I accept the amendment for the removal of doubt although as the Bill is framed I do not know that it is really necessary. There is nothing to show that the concurrence given by any

[Mr. K. G. Mitchell.]

regional authority should be limited to a regional authority within the province ; but if the Mover thinks that this will remove doubts, we will accept it. As regards what fell from my Honourable friend, Pandit Lakshmi Kanta Maitra, I do submit that the explanation given by my Honourable friend, Mr. Chunder, was a perfectly correct one and covered the whole ground. What we contemplate is this and I believe the effect will be this : that after these regional authorities get going all over India they will come to a general understanding with each other, when they are established, that if at any time any of them issues permits for these temporary purposes it will be accepted by others without countersignature. That is the intention of the provision—that concurrence given generally will be given generally and in advance of the issue of any permit. I think it will have that effect.

Dr. Sir Ziauddin Ahmad : Sir, I support the motion with two observations. My friend, Mr. Sri Prakasa, has chosen a wrong leader : had he chosen as leader the man next to him, his attitude to the Bill would have been entirely different. But unfortunately he chose a man at a distance and that is the reason why he is responsible for a number of mistakes he has been committing on the floor of this House.

My friend pointed out the other day—and I had no opportunity to reply so far—he objected to my opposition on the ground that I drove my car at the terrific speed of 10 miles an hour—and in case of danger 5 miles I would remind him of the story of the blind man who was carrying a lantern and who was asked why he carried a lantern being blind himself. He replied that he did so not for his own benefit, but for the benefit of others, so that other people might see that he was walking. So when I drive at 5 miles it is not for my benefit but for the benefit of people who drive at 60 miles an hour or more like the chauffeur of my friend who is sitting next to him. With these words, I support the motion.

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

“ That in sub-clause (4) of clause 62 of the Bill, after the word ‘ region ’, occurring in the fifth line, the words ‘ or province ’ be inserted.”

The motion was adopted.

Mr. Sri Prakasa : Sir, I move :

“ That to sub-clause (4) of Clause 62 of the Bill, the words ‘ or of the Provincial Transport Authority of that other province as the case may be ’ be added at the end.”

Sir, I want to assure my Honourable friend, Mr. Maitra, that I have the fullest sympathy with the views he has expressed ; and if I had my own way probably one half of the Bill would have been deleted. But, Sir, I am assured that human nature is very bad ; and that even the best laws are liable to be abused by those who are interested in abusing them. Therefore, I was told that if I moved the more drastic of my amendments I might be giving cause for abuses. That is why I withdrew those and adopted this one which I was assured was liable to the least amount of abuse. This particular sub-clause pertains to (a) and (c) of sub-clause (1) of Clause 61 ; and it is really only meant

to meet sudden emergencies. Therefore, it is quite possible that the permits issued under this sub-clause may not be for the whole period of four months as stipulated in Clause 61 ; but may be only for seven days or 14 days. I am further assured that there will be what Dr. Ziauddin Ahmad would call a gentleman's agreement between various provinces and perfect reciprocity, so that the provinces of Delhi, the Punjab, the United Provinces, Bengal, Bihar and others will all have similar rules. I am also assured by Mr. Mitchell that his department is preparing model rules which probably all the provinces would adopt. My purpose in moving this amendment was particularly to draw his attention to the necessity of some such provisions so that in his model rules, he may suggest to the provinces to have adequate and equitable provisions in order that all these difficulties may be overcome and we might be able to employ stage carriages for temporary purposes without any difficulty and without any danger of interference on the road by various subordinate authorities. I am sure that the addition of these words would elucidate the clause, remove all misunderstanding and make things easy for all concerned. Sir, I move.

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

“ That to sub-clause (4) of Clause 62 of the Bill, the words ‘ or of the Provincial Transport Authority of that other province as the case may be ’ be added at the end.”

The Honourable Mr. A. G. Clow : Sir, this appears to be purely consequential on the preceding amendment, and I accept it.

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

“ That to sub-clause (4) of Clause 62 of the Bill, the words ‘ or of the Provincial Transport Authority of that other province as the case may be ’ be added at the end.”

The motion was adopted.

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

“ That clause 62, as amended, stand part of the Bill.”

The motion was adopted.

Clause 62, as amended, was added to the Bill.

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

“ That clause 63 stand part of the Bill.”

Pandit Lakshmi Kanta Maitra : Sir, I move :

“ That after sub-clause (b) of clause 63 of the Bill, the following new sub-clause be inserted, and the subsequent sub-clauses be re-lettered accordingly :

‘ (c) aggrieved by the refusal to transfer the permit to the person succeeding on the death of the holder of a permit ; or ’.”

Sir, as the purpose of this amendment has been explained before, I need only move this. Sir, I move.

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

“ That after sub-clause (b) of clause 63 of the Bill, the following new sub-clause be inserted, and the subsequent sub-clauses be re-lettered accordingly :

‘ (c) aggrieved by the refusal to transfer the permit to the person succeeding on the death of the holder of a permit ; or ’.”

The Honourable Mr. A. G. Clow : Sir, I see no objection to this amendment.

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

“ That after sub-clause (b) of clause 63 of the Bill, the following new sub-clause be inserted, and the subsequent sub-clauses be re-lettered accordingly :

‘ (c) aggrieved by the refusal to transfer the permit to the person succeeding on the death of the holder of a permit ; or ’.”

The motion was adopted.

Pandit Lakshmi Kanta Maitra : Sir, I move :

“ That after sub-clause (c) of clause 63 of the Bill, the following new sub-clause be inserted, and the subsequent sub-clauses be re-lettered accordingly :

‘ (d) aggrieved by the refusal of renewal of a permit ; or ’.”

Sir, the amendment speaks for itself. As my Honourable friend, Mr. Clow, has accepted the other giving the right of appeal, I hope he will give the right of appeal in this case also. Sir, I move.

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

“ That after sub-clause (c) of clause 63 of the Bill, the following new sub-clause be inserted, and the subsequent sub-clauses be re-lettered accordingly :

‘ (d) aggrieved by the refusal of renewal of a permit ; or ’.”

The Honourable Mr. A. G. Clow : I see no objection to this amendment, but I wonder whether the numbering is correct.

Pandit Lakshmi Kanta Maitra : It will have to be done in drafting.

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

“ That after sub-clause (c) of clause 63 of the Bill, the following new sub-clause be inserted, and the subsequent sub-clauses be re-lettered accordingly :

‘ (d) aggrieved by the refusal of renewal of a permit ; or ’.”

The motion was adopted.

Mr. F. E. James (Madras : European) : Sir, I move :

“ That to clause 63 of the Bill, the words ‘ who shall give such person an opportunity of being heard in person or by an authorised representative be added at end.’”

I do not know whether it is necessary to say anything in commendation of this amendment. The point is, as the clause stands, it would be possible for the authorities to prescribe such rules as would preclude a personal representation by the person who is aggrieved. There is, in fact, in the Madras Motor Vehicles Rules, No. 222, a rule to the effect that no person or body of persons may claim as a right to be present at any meeting of the Board of the Central Board, and the Central

Board is the appellate authority for various Regional Transport Authorities. Therefore, according to this rule, a person who is aggrieved has not the right to be present to put his case either in person or through an accredited representative. Therefore, I think it is necessary to provide in the Statute that a person who is aggrieved should have the right to be heard in person or by an authorised representative. I hope the Government will accept this amendment. Sir, I move.

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

“ That to clause 63 of the Bill, the words ‘ who shall give such person an opportunity of being heard in person or by an authorised representative ’ be added at end.”

Mr. K. Santhanam : Sir, I think there is some difficulty about this amendment. This amendment allows only one party to be heard. The opportunity for both sides to be heard is already covered in clause 67 (2) (i), and I think this amendment is not quite necessary.

The Honourable Mr. A. G. Clow : Sir, I think we are making procedure a little more elaborate. It is certainly contemplated that the rules to be made under section 67 (2) (i) would provide for this kind of thing. As Mr. Santhanam has pointed out, this allows only one party to the appeal to be heard.....

Mr. F. E. James : May I make a point, Sir ? Even if Clause 67 stood, it does not cover the case where, as a matter of fact, the authority, that is to say, the appellate authority prescribes, or rather the Provincial Government prescribes that the appellate authority need not necessarily hear as a matter of right persons who are aggrieved against the order by a local authority. That is why we were anxious to provide that he should have that right. There is no provision here whereby the lower authority itself should be heard. Surely, if this is provided, the Provincial Government may be quite sure that the authorities making the orders against whom the appeal is preferred will themselves have the right.....

Mr. Deputy President (Mr. Akhil Chandra Datta) : The Honourable Member cannot make a second speech.

The Honourable Mr. A. G. Clow : I do not propose to oppose the amendment. I would only say that we may have to consider later whether we should not make a modification to cover the point more amply.

Mr. S. Satyamurti : (Madras City : Non-Muhammadan Urban) : Sir I would suggest to the Honourable Member in charge that to accept the amendment, as it is, is a very defective method. Either you leave it to the rule making authority to make rules, for 67 (1) says :

“ A Provincial Government may make rules for the purpose of carrying into effect the provisions of this Chapter.”

Therefore, it can easily be provided that in these appeals the appellant should have an opportunity of being heard, but I am very anxious that, if you are going to have a specific provision of giving an opportunity to the appellant being heard in the statute itself, you should equally make a provision for the authorities concerned of being heard also ; otherwise, it will mean that the Statute provides for the hearing

[Mr. S. Satyamurti.]

of only one side. My own feeling is, and my respectful advice to my friend is, not to accept the amendment as it is for the present, but to accept an amendment later on which my friend, Mr. Chettiar, is going to move in clause 67 to provide for the rule making power for the conduct and hearing of appeals,—that is No. 19 in supplementary list No. 8, which says :

“ That after part (a) of sub-clause (2) of clause 67 of the Bill the following new part be inserted and the subsequent parts be re-lettered accordingly :

‘ (b) the conduct and hearing of appeals that may be preferred in this matter.’ ”

That will give ample powers specifically to the Provincial Governments for making rules for the conduct and hearing of appeals. I agree with my Honourable friend, Mr. James, that the appellant must have an opportunity of being heard. I am only anxious that the other authority must also have an equal opportunity, and I think we may well trust the Provincial Governments, when making rules, to provide for the proper conduct of appeals. I think it will be much better for my friend to withdraw the amendment, and for the House to accept the later amendment, which will make both parties equal before the appellate authorities.

Mr. P. J. Griffiths (Assam : European) : The amendment suggested by my Honourable friend, Mr. Satyamurti, will not meet the case, for it still leaves it open to a Provincial Government not to allow an appellant to appear. That is not a theoretical danger, for, in fact, the present rule made by the Madras Government does contemplate that persons concerned shall not be entitled to be present. We want to make it clear that a person aggrieved by such a drastic order as the cancellation or suspension of a permit shall have the inalienable right of appearing in person or by a representative before the appellate authority. The amendment, referred to by my friend, Mr. Satyamurti, deals with the conduct and hearing of appeals that may be preferred, but makes no reference whatsoever, the right of either party to be present and be heard at the appeal. We should have no objection to any amendment giving the authority, against whose order the appeal is preferred, a right to be heard, but simply because my Honourable friend, Mr. Satyamurti, has not moved any such amendment, that cannot affect the justice of our claim that the person aggrieved shall have an opportunity of being heard in person before the appellate tribunal.

Dr. P. N. Banerjea : I would appeal to the Honourable Mr. Clow to accept this amendment.

Mr. M. Ananthasayanam Ayyangar (Madras ceded Districts and Chittoor : Non-Muhammadian Rural) : May I suggest a further amendment to this amendment so that it might be acceptable to the House ? After the words “ such person ” add the words “ and the original authority ”, so that it would read thus, “ who shall give such person and the original authority an opportunity of being heard in person . . . ”

The Honourable Mr. A. G. Clow : Stop with the word “ heard ” and omit the words “ in person or by an authorized representative ”.

Pandit Lakshmi Kanta Maitra : May I remind my Honourable friend that in every appeal the appellate authority calls for the records of

the case and also, an explanation from the lower court, and as a matter of fact, the original authority gets some opportunity of being heard. That is the common procedure in every criminal case.

Mr. M. Ananthasayanam Ayyangar : Far from that. On the other hand, our experience is that, when a person prefers an appeal, it is his right to be heard. But the other person, being a statutory authority and not being a rival party to the suit, need not be heard unless there is a specific provision made. If this slight modification I have suggested is agreed to, there is no objection to this amendment being passed.

The Honourable Mr. A. G. Clow : I have no objection. I am prepared to accept this amendment, which will then read as follows, "who shall give such person and the original authority an opportunity of being heard".

Mr. M. Ananthasayanam Ayyangar : With your permission, and if the House gives me leave, I beg to move :

"That after the word 'person' in the original amendment the words 'and the original authority' be added, and after the word 'heard' the rest of the words, namely, 'in person or by an authorized representative' be omitted."

Then the original amendment with my modification will read thus :

"who shall give such person and the original authority an opportunity of being heard."

The Honourable Mr. A. G. Clow : I have no objection.

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

Mr. President (The Honourable Sir Abdur Rahim) : I understand that the modification proposed by Mr. Ayyangar is not objected to. The question is :

"That to clause 63 of the Bill, the words 'who shall give such person and the original authority an opportunity of being heard' be added at the end."

The motion was adopted.

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

"That clause 63, as amended, stand part of the Bill."

The motion was adopted.

Clause 63, as amended, was added to the Bill.

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

"That clause 64 stand part of the Bill."

Maulvi Abdur Rasheed Chaudhury : Sir, I move :

"That in sub-clause (1) of clause 64 of the Bill after the word 'shall' the word 'knowingly' be inserted."

We had a good deal of discussion about the insertion of the word "knowingly" on a previous day. I need not go into all that, but let me here give one example. Suppose a relation has come to the house of the owner of a motor car. He instructs the driver to go to his house and come back. Suppose that man instead of taking rest after 5½ hours drives

[Maulvi Abdur Rasheed Chaudhury.]

for six hours, that is the fault of the driver and not of the owner. I submit that for the fault of the driver the owner should not be prosecuted. That is the reason behind this amendment, and I hope the House will accept it.

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

“ That in sub-clause (1) of clause 64 of the Bill after the word ‘ shall ’ the word ‘ knowingly ’ be inserted.”

Mr. N. M. Joshi (Nominated Non-Official) : I oppose this amendment. If the Honourable the Mover of the amendment had read the first three sentences of this clause, he would have found that no person can really unknowingly cause another person to drive, nor can he unknowingly allow another person to drive. I, therefore, feel that this amendment should not be accepted.

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

“ That in sub-clause (1) of clause 64 of the Bill after the word ‘ shall ’ the word ‘ knowingly ’ be inserted.”

The motion was was negatived.

Pandit Lakshmi Kanta Maitra : Sir, I move :

“ That in sub-clause (1) of clause 64 of the Bill, after the word ‘ him ’, occurring in the second line, the words ‘ on a fixed pay ’ be inserted.”

I will at once give the House my reasons for adding these words. It may not be known to many of us here that there is a practice prevalent in many cities where the motor cars, taxi cabs and transport vehicles are run by men who don't draw any fixed salary. They are employed on a commission basis. In other words a share, a certain portion of the gross income earned by the taxi drivers or transport vehicle drivers is paid to them as wages. This is a practice very much prevalent in the city of Calcutta and if the sub-clause, as it stands, is enacted into law, it may mean tremendous hardship to people who are employed on a commission basis. The House will notice that there is a provision in sub-clause (b), in which it has been provided that nobody will be permitted to work for a period exceeding 11 hours. I can tell the House from my own experience that these taxi drivers have very often to wait for hours for their turn to have a customer and it may very often happen that in a particular motor stand where 50 or 70 cars stand in succession, before the last man can have a chance he may have finished his 11 hours and just at the time when somebody will employ him and pay him handsomely he will be asked to go away. If, as I understand it, this section is intended to give some relief to drivers who are generally over-worked, then we should be well advised in accepting this amendment. Otherwise we may be injuring the cause of the people who are employed on a commission basis. Instead of helping the man, we may be ruining him. I don't think I need elaborate my argument. I want that this question of fixed pay should be introduced so that people who are in fixed pay may not be overworked.

An Honourable Member : Read sub-clause (6).

Pandit Lakshmi Kanta Maitra : In sub-clause (6), there is a provision that there should be a record of duty maintained, that Local Governments may provide rules by which a particular period is to be treated as rest. If you are really friends of labour, as my Honourable friend, Mr. Joshi, is, then you must accept this amendment. I have no other interest in this matter. I only want to help these people who are actually working on a commission basis. Sir, I move.

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

“ That in sub-clause (1) of clause 64 of the Bill, after the word ‘ him ’, occurring in the second line, the words ‘ on a fixed pay ’ be inserted.”

Mr. N. M. Joshi : I rise to oppose this amendment. I assure my friend, Mr. Maitra, that if I had the least suspicions in my mind that the original clause would hurt the cause of these taxi drivers, I would not oppose his amendment. The regulation of the hours of work are intended for two purposes. In the first place, they are necessary for public safety and secondly, from the point of view of the employees themselves. From the point of view of public safety, it is wrong that people should be permitted to remain on duty without rest for an unconscionably long time.

Pandit Lakshmi Kanta Maitra : I never said that.

Mr. N. M. Joshi : Secondly, the hours of work permitted under this section are sufficiently long to enable a man to earn a living, if there is a chance of his earning his living. Thirdly, the section does not punish the man who works. The section punishes the man who causes him to work or allows him to work. So, the owner of the motor car will be punished and not the driver. Therefore, Sir, the amendment should be opposed.

Prof. N. G. Ranga (Guntur *cum* Nellore : Non-Muhammadan Rural) : I have no doubt in my mind that this amendment, if carried, will certainly not benefit the workers. Once this amendment is carried, there will not be any paid employees at all. It will be so arranged that everybody will be taken as a sort of honorary worker or a sharer in the profits, and so on, and they will thus get out of the mischief of the section. An employer will take these men on some sort of contract or agreement or as helpers or on commission basis and then it will be impossible for this law to catch hold of that particular employer. I cannot really understand how anyone who has the welfare of the workers at heart and the safety of the pedestrians.....

(It being Four of the Clock.)

MOTION FOR ADJOURNMENT.

MISHANDLING OF THE SHIVA TEMPLE AFFAIRS IN DELHI.

Mr. President (The Honourable Sir Abdur Rahim) : Mr. Bajoria ;

Babu Baijnath Bajoria (Marwari Association : Indian Commerce) : Sir, my main object in moving the adjournment motion was that the terms of settlement arrived at between the Hindus and Muslims of

[Babu Baijnath Bajoria.]

Delhi and accepted by the Government after long consideration may be adhered to by the Government, and that the enquiry, to find out the *status quo* position by Rai Bahadur Joseph Thakur Das may be proceeded with and concluded as early as possible to allay the tension prevailing in Delhi. I understand that certain talks took place between the Honourable the Home Member and certain leading Members of this House in this direction. As a result of these talks, the Home Member has agreed to accept a short notice question which will be sent to him today and he has promised to reply to it and make a statement on the matter. In view of these circumstances, Sir, I agree to wait till the Home Member makes his statement, and, therefore, I do not think it advisable to move my adjournment motion today.

Mr. President (The Honourable Sir Abdur Rahim) : I cannot allow that sort of withdrawal. If the Honourable Member wishes to move the motion, he is at liberty to do so, but he cannot say that " I shall wait till some statement is made, and I shall then consider ". The question is—does the Honourable Member wish to move this motion ?

Babu Baijnath Bajoria : No, Sir.

Dr. Sir Ziauddin Ahmad (United Provinces Southern Divisions : Muhammadan Rural) : On a point of order, Sir. Mr. Bajoria made a certain statement which is on the record, and if you will allow my friend, Mr. Ghulam Bhik Nairang, to make a counter statement, that may also be on the record....

Mr. President (The Honourable Sir Abdur Rahim) : The Honourable Member, Mr. Bajoria, has only given some reason why he does not wish to move this motion. Has the Honourable Member the leave of the House to withdraw his motion ? (*Voices* : " Yes, yes. ").

The motion was, by leave of the Assembly, withdrawn.

THE MOTOR VEHICLES BILL—*contd.*

Prof. N. G. Ranga : Sir, this Bill is brought forward with a view to minimising road accidents also. Now, we have to save the passengers, the driver and all these people, the pedestrians, and the drivers of all these vehicles from risk by applying these rules. Therefore, if we want to attain the object of this particular Bill, we must have this ; of course, we have no objection to those people who say that they do not want this Bill at all. They are self-condemned, but those who want this Bill must agree that even the other people who do not come in specifically, the employees will have to be insured against and saved. So I request my friend, Pandit Lakshmi Kanta Maitra, not to press this amendment.

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

" That in sub-clause (1) of clause 64 of the Bill, after the word ' him ', occurring in the second line, the words ' on a fixed pay ' be inserted."

The motion was negatived.

Mr. N. M. Joshi : Sir, I move :

“ That in part (a) of sub-clause (1) of clause 64 of the Bill, the words ‘ and a half ’ be omitted.”

The object of this motion is to reduce the period of working, without an interval, from five and a half hours to five hours. During the general discussion my Honourable friend, Dr. Dalal, who knows a good deal of medicine and knows what things are good for people's health, had stated that it was absolute cruelty and wickedness to expect drivers to work continuously for more than four hours, I would have liked to support the motion of the European Group that these hours of work should be forty but they are not prepared to move that amendment and I have no other amendment. So I move my modest amendment that the hours of work should be reduced from five and a half to five hours. I feel that the House will accept this amendment.

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

“ That in part (a) of sub-clause (1) of clause 64 of the Bill, the words ‘ and a half ’ be omitted.”

The Honourable Mr. A. G. Clow : Sir, I am disposed to agree with my Honourable friend, Mr. Joshi, that five hours is long enough and I support the amendment.

Dr. Sir Ziauddin Ahmad : Sir, I should like one point to be elucidated. Suppose a driver is driving and he comes across a barrier where he stops for half an hour. Now, will this half an hour count as continuous work or as rest? If it counts as continuous work, then I strongly oppose Mr. Joshi's amendment, but if this half an hour's halt at a barrier is excluded, then I will support the motion. I would like to know whether this period of halt at a barrier will count as work or not.

The Honourable Mr. A. G. Clow : If the Honourable Member will refer to sub-clause (6), he will find that the Provincial Government will determine the point.

Dr. Sir Ziauddin Ahmad : Then I am opposing the motion, Sir, if we leave it to the Provincial Government to decide whether such a halt is to be counted as working time or as rest. Now this thing is not decided at all—in what way the Provincial Government will interpret the rules, and it is quite possible that Provincial Governments may interpret it in a different manner; and it is not desirable to lower the hours of work in view of the uncertainty whether it will count as work or not. Now, some drivers, driving a car at 20 miles manage to have a rest of five or ten minutes for rest to the engine and also to change water, etc., and very often while travelling long distances they do make a halt in order to have some water or refreshments, etc. Now if all this period of halt is counted as work, I think five hours are a very small period for continuous work. With these words, I oppose the motion.

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

“ That in part (a) of sub-clause (1) of clause 64 of the Bill, the words ‘ and a half ’ be omitted.”

The motion was adopted.

Maulvi Abdur Rasheed Chaudhury : Sir, I beg to move :

“ That in part (a) of sub-clause (1) of clause 64 of the Bill, after the word ‘ hours ’ the words ‘ at a time continuously ’ be inserted.”

Sir, the draftsmanship of this Bill is so perfect that it is very difficult to understand sometimes what is meant by this clause or by that clause. The idea underlying my amendment is that if the words “ at a time continuously ” are added after the word “ hours ”, the purposes of this sub-clause (1) will be explicit. What I wish to say is that the wording should be clear. If a man drives a car for more than 5 hours at a time continuously, he should be punished and not otherwise. The wording in this sub-clause may be clear according to the Honourable Members of this House, but to me it is not clear. If these words include ‘ at a time continuously ’, then I will not press my amendment ; but if they do not include these words, then I will press my amendment. I would like to hear the views of the Honourable Member in charge of the Bill.

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

“ That in part (a) of sub-clause (1) of clause 64 of the Bill, after the word ‘ hours ’ the words ‘ at a time continuously ’ be inserted.”

The Honourable Mr. A. G. Clow : I think, Sir, this would introduce confusion where the clause is clear already. As I read it, it would mean that if a man stops for 10 minutes, he would not be working continuously. This would mean sometimes that the man will have to work for 24 hours.

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

“ That in part (a) of sub-clause (1) of clause 64 of the Bill, after the word ‘ hours ’ the words ‘ at a time continuously ’ be inserted.”

The motion was negatived.

Dr. P. N. Banerjea : Sir, I beg to move :

“ That in sub-clause (a) of clause 64 of the Bill, for the words ‘ half an hour ’ the words ‘ one hour ’ be substituted.”

Sir, it seems to me that half an hour is too short even as a period of rest and probably this period of rest includes the time which is required to enable the driver to have his meals and also his bath. For these reasons, I suggest that this interval should be one hour and not half an hour.

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

“ That in sub-clause (a) of clause 64 of the Bill, for the words ‘ half an hour ’ the words ‘ one hour ’ be substituted.”

The Honourable Mr. A. G. Clow : Sir, I am quite prepared to admit that in some cases half an hour may be too short, but the point is that by putting in an hour invariably you may be doing a great disservice to motor drivers. Experience in other spheres of work shows that men very often prefer not to have too long a day and would be willing to cut down the interval that is provided. I think as a minimum that is adequate. The driver would normally, I imagine, take a longer interval when he requires it.

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

“ That in sub-clause (a) of clause 64 of the Bill, for the words ‘ half an hour ’ the words ‘ one hour ’ be substituted.”

The motion was negatived.

Mr. Suryya Kumar Som : Sir, I beg to move :

“ That part (b) of sub-clause (1) of clause 64 of the Bill be omitted, and the subsequent part be re-lettered accordingly.”

Sir, I find that clause 64 will work very well without this sub-clause (b). Not only that, my apprehension is that this sub-clause (b) will create difficulties in long distance travel. We find that the hours of work in a day have been fixed and the regular intervals on a continuous working have also been provided for. So, it is not necessary to say that a driver will have to be given rest of 11 hours after 11 hours of work. That will create a situation which will make long distance travel impossible. I will give you an illustration. A gentleman starts from Calcutta for Delhi by car. Now, after covering about half the distance, the driver would have worked for 11 hours. In that case, the owner of the car with his family and servants will have to wait for one full day before he can start again. I do not think the Mover of the Bill contemplates a situation like this. So, I propose that the limit of working hours in a week be fixed and also the limit of rest after continuous working and then leave the clause as it is. The driver will not suffer because he will have to work for certain hours in a week.

Mr. N. M. Joshi : For how many hours should he work every day ?

Mr. Suryya Kumar Som : That is another matter. If the House thinks, let it decrease the number of hours in a week. But that is not the point here. Fix a reasonable number of hours for work and then give him an interval of rest in order to drive away the fatigue. That is what a worker wants. But, if you say that after 11 hours drive he must have 11 hours rest, that will make it absurd. Therefore, I propose that this sub-clause be deleted.

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

“ That part (b) of sub-clause (1) of clause 64 of the Bill be omitted, and the subsequent part be re-lettered accordingly.”

Mr. N. M. Joshi : Sir, I rise to oppose this amendment. This amendment permits the driver to work 54 hours continuously by instalments of five hours with half an hour's rest. I think it is not in the public interest that a driver of a motor car should be permitted to work, without sufficient rest, continuously throughout the day with only half an hour's rest at intervals of five hours. I am sure it is not only not in the interests of the driver himself but it is not in the interests of the public that a tired driver should be permitted to be in charge of a motor car. I have got an amendment to sub-clause (b) which I shall move afterwards. This sub-clause puts a limit to the daily hours of work, besides putting a weekly limit. The weekly limit put down in the original clause is 54 hours and the daily limit permitted by sub-clause (b)

[Mr. N. M. Joshi.]

is 11 hours with a continuous rest which is absolutely necessary in order that a man should feel fresh and be ready again to do another period of long hours of work. I, therefore, hope the House will not accept this amendment.

Mr. N. V. Gadgil (Bombay Central Division : Non-Muhammadan Rural) : Sir, I rise to oppose this amendment and I am surprised that it has been moved in this House. Only during the course of the last three months in the Punjab alone, there have been 62 fatal accidents and one of the main causes given was that many of the drivers were found sleeping while driving. If by sub-clause (c) we provide the maximum hours of work in a week to be 54, then there must be some corresponding limit in that period per day. Even as it is, the period of 11 hours per day is much too much. But if you want to delete it, then it will only mean that there will be no limitation and he will run for all the 24 hours with consequences fatal to himself and to the passengers.

Dr. Sir Ziauddin Ahmad : Sir, there are two points to which I should like to draw the attention of the House. I want to know whether in the case of railways, similar restrictions are put as to the hours of work for railway servants as you now want to put for motor transport. I think we will be placing the motor transport under very great disadvantage if we restrict the hours of work and make no restrictions as regards railway workers. I hope the Honourable Member in charge of Railways will say on the floor of the House whether, whatever hours of work he proposes for motor transport workers, he will enforce the same in the case of railway workers. The second point is this. Suppose a motor driver takes a car from Simla to Kalka and the scheduled time is really 4 hours ; but on account of certain things that happen on the way, probably either the passengers wanted to have longer hours of stay at Solon or due to some other reason, the 5½ hours which a driver is expected to work are finished at some place say at Dharampur then does it mean that as soon as the 5½ hours are over, the driver should strike work and say ' My time is up. I do not care for the passengers. I shall take rest '. In this case there ought to be some kind of provision for such extraordinary things. These should not be considered working time. I think it is not right to leave this matter to the Provincial Governments. I should therefore like to have an assurance from the Honourable Member about the period of work for railway servants. There should also be a hint thrown to Provincial Governments that these long halts should not be counted as continuous period of work. Supposing there is a marriage party taking a lorry from one place to another. The driver cannot leave the party to their fate somewhere before reaching the destination on the ground that he has finished his 5½ hours of work.

The Honourable Mr. A. G. Clow : As regards railways, I do not think this is really relevant but the point is covered by the Indian Railways Act which normally provides for 60 hours a week in such branches of railway work which are mentioned there and to which the provision may be extended. But it has to be remembered that that provision is applied to all kinds of work such as sitting in stations, etc. I have not the slightest doubt that driving a motor car involves a far greater strain than any work you perform on the railway. I have done a good deal of driving

myself and I should not care personally to drive for more than six hours any day ; and to remove the provision so that you can drive for 20 hours a day, I think, would be absurd.

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

“ That part (b) of sub-clause (1) of clause 64 of the Bill be omitted, and the subsequent part be re-lettered accordingly.”

The motion was negatived.

Mr. N. M. Joshi : Sir, I beg to move :

“ That for part (b) of sub-clause (1) of clause 64 of the Bill, the following be substituted :

‘ (b) for more than nine hours in one day ’.”

Sir, sub-clause (b) of this clause 64 provides that the hours of work should be 11 hours in a day. I feel that the period is too long both from the point of view of safety of the public and from the point of view of the health of the driver himself. Eleven hours is too long a period of work with only half an hour's interval, and I am, therefore, suggesting that the daily hours of work should be nine. While asking this House to approve my amendment, I am giving a concession to the people who do not want regulation of daily hours of work and that concession is, I am not insisting that there should be a continuous rest for 11 hours. The continuous rest may be 5, 6 or 7 hours or whatever it may be. I am omitting that clause where continuous rest of 11 hours is insisted. If we keep 11 hours of work daily as it is put in sub-clause (b) of clause 64 and have a weekly limit of 54 hours of work, then in a week the hours are not properly distributed. I would certainly prefer shorter hours of work every day and one day's rest in a week to longer hours every day and two days' rest in a week. I, therefore, hope that my amendment will be accepted by Government and I have no doubt that the Congress Members will also accept this amendment.

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

“ That for part (b) of sub-clause (1) of clause 64 of the Bill, the following be substituted :

‘ (b) for more than nine hours in one day ’.”

Sir Muhammad Yamin Khan (Agra Division : Muhammadan Rural) : Sir, I rise to oppose the amendment. This point has been debated at length in the Select Committee and we gave full consideration to this point. Of course, I do not like that any driver continuously works for 11 hours every day or even four or five days a week. Perhaps my Honourable friend, Mr. Joshi, does not know how motor buses are run ; otherwise he would not have moved this amendment. A motor lorry runs from Kashmir to Rawalpindi. It starts at 6 o'clock in the morning in Kashmir and reaches Rawalpindi at about 8 or 9 o'clock at night the same evening. Otherwise, the passengers will have to make two days trip if the driver is not allowed to make one full day's journey. Then the driver, after making a full day's journey, does not travel the next day but he takes one full day's rest, that is, 24 hours rest. Although the driver does one full day's driving, he gets sufficient period of rest, say three or four hours

[Sir Muhammad Yamin Khan.]

rest and even longer rest on one day. There are many other places say from Bulandshire to Delhi or from Delhi to Rohtak and so on. The driver gets up early in the morning and after making the trip he has to go back in the evening. My Honourable friend, Mr. Joshi, seems to have misunderstood this, that the driver will have to be driving all the time. The fact is he is not driving all the time. He is supposed to work, even if he is sitting in the motor lorry or if he is doing cleaning work. Even the period when he keeps quiet is calculated in the 11 hours duty. That is why the Select Committee made it into 11 hours. It was not the idea that a driver must be driving continuously for 11 hours. That covers the period when he is off duty and it includes the period when he cleans or washes or fills the water or fills mobil oil and so on, or any kind of work connected with the motor. All these things have been taken into consideration and I do not think they involve such a strain as was contemplated when the Honourable Member for Communications said that the motor driver has to undergo a lot of strain which is far greater than that of the railway people. If actual driving had been done for 11 hours that would be impossible and I would be the first to support Mr. Joshi. But here it is 11 hours' work and work means that it may be six hours' work in the morning and five hours in the evening and he has the rest of the time to himself. So in 24 hours that does not come to much. After taking these things into consideration I suppose my Honourable friend, Mr. Joshi, will see his way to withdraw his amendment.

The Honourable Mr. A. G. Clow : Sir, I think my Honourable friend, Sir Yamin Khan, has unintentionally rather confused the issue. When the Bill was introduced it followed the principle which, I believe, is accepted in England and including all the waiting periods as driving. However long the waiting periods were they were reckoned as driving. The provision then said that any time spent by a driver on other work in connection with a vehicle or the load carried, etc., "shall be reckoned as time spent in driving". Now the Select Committee have deleted that clause and they have substituted instead sub-clause (6) of this clause, and that is the clause which, in effect, says that the Provincial Government may determine how far the maxim, "They also serve who only stand and wait" shall be applied to motor drivers. If they do not frame rules under sub-clause (6) then I think that intervals which are not spent on actual work do not come into the reckoning at all.

As regards the Kashmir road I was rather shocked to hear my Honourable friend's description of the conditions and rather sorry that this Bill will not apply to the greater part of that road. Sir, I support the amendment.

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

"That for part (b) of sub-clause (1) of clause 64 of the Bill, the following be substituted :

'(b) for more than nine hours in one day.'

The motion was adopted.

Pandit Lakshmi Kanta Maitra : Sir, I move :

“ That in part (c) of sub-clause (1) of clause 64 of the Bill, for the word ‘ fifty-four ’ the word ‘ sixty-three ’ be substituted.”

Sir, I am afraid I shall incur the displeasure of my Honourable friends, Mr. Joshi and Prof. Ranga, for trying to increase the hours of work of the drivers. But the matter deserves very careful consideration as to whether by increasing the number of hours to 63 we are really causing hardship to the people engaged in the motor transport industry. Sir, in connection with the previous amendment I have heard it argued that by driving continuously for a long period of time not only the driver incurs the risk of causing accidents and injuries but he also injures himself. But, Sir, I believe it is in the experience of many of us that it is not physically possible for any mechanical vehicle propelled either by steam or by petrol or by any other propelling agency to move on continuously for three hours. Honourable friends will only consider that if a car is allowed to run for a period of 3 or 4 hours without any stop, the radiator and the engine will be in such a heated condition that it will be danger to life of the people in the car : and it is to the interest of the car-owners as also of the drivers to stop occasionally after going some distance so as to protect the engine, tyres and tubes. So it is not a fact that a driver goes on driving his car continuously for hours and hours. It is not physically possible. Another consideration that arises in connection with this amendment is this. What is the period of work provided for labourers in other departments ? I do not think that the International Labour Convention of 54 hours is accepted in trades, in factories and in perennial industries. That is one point. The second point is that in the Railways Act there is a provision for the number of hours for which a particular railway employee can be employed. Attention may be drawn to the Indian Railways Act, Chapter VI-A, section 71-C, in which it is provided :

“ A railway servant other than a railway servant whose employment is essentially intermittent shall not be employed for more than 60 hours a week on the average in any month.”

Sub-clause (2) lays down :

“ A railway servant whose employment is essentially intermittent shall not be employed for more than 84 hours in any week.”

Therefore, if you enact this provision into law you will be placing the motor transport industry into a disadvantageous position as compared with the rival transport system of railways where the hours of work are much higher and are statutorily fixed in the Railways Act in the sections to which I have drawn attention. If we cannot interfere with the fixed hours of work on the railways, whether intermittent or not, why should we lower the period of labour in the case of motor transport ? Why not make it 63 ? There would then be equality of conditions between the two rival systems of transport in the matter of working hours. As I said I refuse to believe that a railway engine driver has to undergo any less strain than a motor driver. While a motor driver can have adequate rest even when on duty, an engine driver cannot have rest except at certain big stations, especially in the case of mail trains. By reducing the number of working hours to 54, we will be indirectly hitting the motor transport industry itself. Sir, I move.

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

“ That in part (c) of sub-clause (1) of clause 64 of the Bill, for the word ‘ fifty-four ’ the word ‘ sixty-three ’ be substituted.”

The Honourable Mr. A. G. Clow : Sir, this is a curious amendment in form, because if we look at clause (b) as amended by Mr. Joshi, it provides for a nine-hour day : so that in providing for a sixty-three hours week, we really do nothing whatever—we might just as well omit this clause. The effect will be the same if you omit this clause as if you put in a 63 hours limit. I am not myself enthusiastic about this weekly limit, not because I think it unsound in principle, but because I anticipate very great difficulties in enforcing it. I think reliance will have to be placed mainly on the daily limit in controlling hours. But I think it will generally be agreed that if a man is working 9 hours a day continuously, six days a week are enough for this type of work and therefore the limit of 54 hours is sound in principle if difficult in practice.

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

“ That in part (c) of sub-clause (1) of clause 64 of the Bill, for the word ‘ fifty-four ’ the word ‘ sixty-three ’ be substituted.”

The motion was negatived.

Mr. N. M. Joshi : Sir, I move :

“ That after sub-clause (1) of clause 64 of the Bill, the following new clause be inserted, and the subsequent sub-clauses be re-numbered accordingly :

‘ (2) The Provincial Government may, by rule made under section 67, modify the provisions of sub-section (1) in their application to drivers of motor vehicles generally or of prescribed classes of motor vehicles or in prescribed circumstances in all or any of the following ways, namely :

- (a) by increasing the interval of rest specified in clause (a) to one hour, or
- (b) by reducing the period specified in clause (b) to eight hours, or
- (c) by reducing the period specified in clause (c) to forty-eight hours, or
- (d) by requiring that a driver shall have an interval of rest of twenty-four hours or one calendar day in each week.’

Clause 64 (1) lays down certain periods of work for the drivers. I feel that these periods, as laid down in that clause, are too long except in the case of interval for rest. Moreover, there are provinces like Bombay where the hours of work as laid down by the present rules are already lower than the hours of work laid down in Clause 64 (1). In Bombay the maximum daily hours are eight. I do not give power to the Provincial Governments to reduce these hours to eight from nine, whatever progress Bombay has made in this respect will not be allowed to be enjoyed by the drivers. I, therefore, feel that some power must be given to the Local Governments to reduce the hours of work as laid down in this clause. What I am proposing is that by sub-clause (a) of sub-section (2), power should be given to the Local Government to increase the interval for rest from half an hour to an hour. I am also empowering the Local Governments to reduce the daily hours of work from nine to eight and I gave the reason that in Bombay the hours of work already are eight, and if we fix nine, the

Bombay Government will have to increase the hours, which is a retrograde step. Then, by the third clause of my amendment, by reducing the period specified in clause (c) to 48, if we have an eight-hour day and if we are going to give one day's rest to the driver, then the maximum hours in a week will be 48. Then by sub-clause (d), I am proposing that the Provincial Government may be empowered to give a weekly rest day for the drivers. The only new thing that I am bringing, a new thing in this amendment is Clause (d)—giving power to the Local Government that the drivers shall have a weekly rest day. The weekly rest day is implied in the original clause itself, because we are permitting a nine-hour day and a 54 hours week. If the employers make the drivers work for nine hours a day, then, actually, there will be a weekly rest day, because the total number of hours are to be 54. I am enabling the Local Government to give the drivers a weekly rest day. In this connection I would like to draw the attention of the House to the preamble in my amendment :

“ The Provincial Government may modify the provisions of sub-section (1) in their application to drivers or motor vehicles generally.”

They may apply my amendment to motor cars generally : “ or to prescribed classes ”—that is, they may not apply the provisions of my amendment to, say, private motor cars. Or they may not apply the provisions of the amendment under prescribed circumstances : that is, in the cold weather they may say that the hours of work may not be eight, but nine : and in the summer the hours should be reduced to eight. So the discretion given to the Local Government is very great. The Local Governments can apply the provisions of the amendment to particular classes of vehicles only. They may apply to motor cars generally or under particular circumstances. I therefore hope, Sir, that the Government of India and the Congress Party will accept this amendment. Sir, the Congress Party in any case need not have any fear. They have the Provincial Governments in seven provinces, and they can depend upon them to do justice to those people belonging to the party who own motor cars. I hope, Sir, my amendment will be accepted.

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

“ That after sub-clause (1) of clause 64 of the Bill, the following new clause be inserted and the subsequent sub-clauses be re-numbered accordingly :

‘ (2) The Provincial Government may, by rule made under section 67, modify the provisions of sub-section (1) in their application to drivers of motor vehicles generally or of prescribed classes of motor vehicles or in prescribed circumstances in all or any of the following ways, namely :

- (a) by increasing the interval of rest specified in clause (a) to one hour, or
- (b) by reducing the period specified in clause (b) to eight hours, or
- (c) by reducing the period specified in clause (c) to forty-eight hours, or
- (d) by requiring that a driver shall have an interval of rest of twenty-four hours or one calendar day in each week ’.”

The Honourable Mr. A. G. Clow : Sir, I recognise that in this matter it is necessary to allow latitude to Provincial Governments,

[Mr. A. G. Clow.]

particularly as their standards are in some cases in advance of those that we have inserted in sub-clause (1). I, therefore, commend the amendment to the House.

Prof. N. G. Ranga : Sir, I am whole-heartedly in favour of this amendment.

Dr. Sir Ziauddin Ahmad : Sir, I think that the hours of work fixed are already very low, and we are now authorising the Provincial Governments to make them lower still. Had the Honourable Member proposed that the Provincial Governments should be authorised to alter the hours of work, that is to say, to give them option either to increase or decrease the hours of work, I would have probably supported him. But my friend merely suggests that the hours of work can only be lowered. This is a matter in which we give very large powers to the Local Governments. If by any chance my friend, Mr. Joshi, becomes the Labour Member in the Bombay Government and my friend, Prof. Ranga, becomes a Minister in some other province, then I am sure that the hours of work will be reduced to the absolute minimum. I think it is very desirable that people who take up particular jobs should do some honest work. I quite agree that they should have reasonable comforts, but at the same time it is not at all desirable to reduce the existing hours of work, as they are already very low. In this matter we ought to consider the question very carefully and we should not give such large powers to the Provincial Governments to lower the hours of work whenever they like to do so. With these words, Sir, I oppose the motion.

Mr. P. J. Griffiths : Sir, it is with much reluctance that I rise to oppose this amendment moved by my Honourable friend, Mr. Joshi, but I am comforted by the thought that if they were free from the shackles of party discipline, a very considerable proportion of the Members sitting on those Benches over there would be standing at this very moment to speak to the same effect as myself. I am particularly compelled to oppose this amendment in view of what I regard as the very obnoxious sub-clause 2 (c) which it contains. Let me begin by saying that we, in this Group, stand firmly in favour of the principle of restriction and regulation of the hours of work for drivers.

An Honourable Member : Question.

Mr. P. J. Griffiths : You may say question, but I am giving the answer,—although we stand firmly by the principle of the restriction and regulation of hours, we maintain that in imposing those restrictions and regulations we must not lose our sense of proportion, nor must we omit to have some regard to general economic conditions. After all, what will be the effect if you carry too far this process of reducing hours of work? There are two possible effects,—either you will increase the cost of transport, or you would force down the wages of drivers. Which of those two things does my friend, Prof. Ranga, want to do? Does his Party want, just when industry in this country is nascent, to force up the cost of transport? Or is it his hope that if this amendment is accepted, we shall force down the wages of drivers? Sir, during the past few weeks I have taken the opportunity

of discussing this matter with a great many drivers themselves, and I find that a large section of them regard these restrictions with the greatest possible apprehension. Why are they apprehensive? Because they know perfectly well that the effect of undue restrictions will be to force down their wages. Sir, do not let us allow proper humanitarian sentiments to degenerate into false sentimentalism and to lead us into introducing measures and restrictions which are wanted by none of the people concerned. Even the Madras Government, which has gone very carefully into this question of motor vehicle regulations, has prepared a most elaborate code of rules,—even that Government has not seen fit to lay down such drastic restrictions about hours of work. Do my friends suggest that the Madras Government are not friends of the poor drivers? Do they suggest that the Madras Government are careless as to the safety of the public? The Madras Government have gone into this question of regulation most carefully and have deliberately abstained from embarking upon drastic restrictions on the drivers. In fact, one may say, as was said the other day, that it has been left for our socialist Communications Member, with the aid of the Front Populaire, to introduce a provision which will prove harmful to the development of the motor transport industry. I shall expect, at the beginning of the next Session, my friend, Mr. Clow, to come forward with a proposal limiting the hours of work for drivers on railways to 48 hours. I should like him to explain how he proposes to reduce the hours of work without, at the same time, increasing the cost of railway transport—if he can explain that I shall be prepared to believe that if he reduces the hours of work for drivers of motor vehicles he can avoid increasing the cost of road transport. I know, Sir, I shall be told that you are not making this compulsory, you are merely giving powers to the Provincial Government. I think we have had too much of that argument on this Bill. We have gone too far in the direction of saying that the Provincial Governments will not exercise this or that power unless it is really necessary, and so it is suggested they may be given indefinite powers. I suggest, Sir, that this argument carried to the length to which it has been carried in this Bill is nothing more or less than a shirking of our responsibility. We, who are considering this Bill, are alone responsible for considering this question, and we cannot shirk that responsibility by merely giving power to the Local Governments.

Sir, in the report of the Select Committee, I find no suggestion from the Government Benches nor do I think there was any suggestion from the other side to the effect that a 54 hour week was excessive. I wonder what has caused the sudden conversion of my friend, Mr. Clow, to a 48 hour week,—a conversion in the course of two or three days. I must congratulate my friend, Mr. Joshi, on the amount of his personal influence and his personal capacity but although I congratulate him I cannot congratulate this unhappy country which apparently from now onwards is to suffer the gradual introduction of unreasonable restrictions on everything which has anything to do with road transport, merely because the particular views of the present Communications Member coincide with the views of the Congress Party. Sir, I oppose the amendment.

Some Honourable Members : Sir, the question may now be 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 after sub-clause (1) of clause 64 of the Bill, the following new clause be inserted and the subsequent sub-clauses be re-numbered accordingly :

(2) The Provincial Government may, by rule made under section 67, modify the provisions of sub-section (1) in their application to drivers of motor vehicles generally or of prescribed classes of motor vehicles or in prescribed circumstances in all or any of the following ways, namely :

- (a) by increasing the interval of rest specified in clause (a) to one hour, or
- (b) by reducing the period specified in clause (b) to eight hours, or
- (c) by reducing the period specified in clause (c) to forty-eight hours, or
- (d) by requiring that a driver shall have an interval of rest of twenty-four hours or one calendar day in each week ’.”

The Assembly divided :

AYES—29.

Abdul Hamid, Khan Bahadur Sir.
Ahmad Nawaz Khan, Major Nawaz Sir.
Anderson, Mr. J. D.
Ayyar, Mr. N. M.
Bajpai, Sir Girja Shankar.
Bewoor, Mr. G. V.
Chatterjee, Mr. R. M.
Clow, The Honourable Mr. A. G.
Conran-Smith, Mr. E.
Dalal, Dr. R. D.
Dalpat Singh, Sardar Bahadur Captain.
Faruqui, Mr. N. A.
Grigg, The Honourable Sir James.
Highet, Mr. J. C.
Jawahar Singh, Sardar Bahadur Sardar Sir.

Joshi, Mr. N. M.
Lloyd, Mr. A. H.
Mackeown, Mr. J. A.
Maxwell, The Honourable Mr. R. M.
Metcalfe, Sir Aubrey.
Mitchell, Mr. K. G.
Mukerji, Mr. Basanta Kumar.
Mukerji, The Honourable Sir Manmatha Nath.
Nur Muhammad, Khan Bahadur Shaikh.
Sher Muhammad Khan, Captain Sardar Sir.
Sivaraj, Rao Sahib N.
Sukthankar, Mr. Y. N.
Sundaram, Mr. V. S.
Zafrullah Khan, The Honourable Sir Muhammad.

NOES—34.

Abdul Ghani, Maulvi Muhammad.
Abdullah, Mr. H. M.
Abdur Rasheed Chaudhury, Maulvi.
Aikman, Mr. A.
Aney, Mr. M. S.
Bajoria, Babu Baijnath.
Banerjee, Dr. P. N.
Bhutto, Mr. Nabi Baksh Illahi Baksh.
Boyle, Mr. J. D.
Chapman-Mortimer, Mr. T.
Chattopadhyaya, Mr. Amarendra Nath
Datta, Mr. Akhil Chandra.
Essak Sait, Mr. H. A. Sathar H.
Ghulam Bhik Nairang, Syed.

Griffiths, Mr. P. J.
Ismail Khan, Haji Chaudhury Muham-
mad.
James, Mr. F. E.
Lalchand Navalrai, Mr.
Maitra, Pandit Lakshmi Kanta.
Miller, Mr. C. C.
Nauman, Mr. Muhammad.
Parma Nand, Bhai.
Sant Singh, Sardar.
Scott, Mr. J. Ramsay.
Shahban, Mian Ghulam Kadir Muham-
mad.
Shaukat Ali, Maulana.

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| Siddique Ali Khan, Khan Bahadur Nawab. | Umar Aly Shah, Mr. |
| Smith, Lieut.-Colonel H. C. | Walker, Mr. G. D. |
| Som, Mr. Suryya Kumar. | Yamin Khan, Sir Muhammad. |
| Town, Mr. H. S. | Ziauddin Ahmad, Dr. Sir. |

The motion was negatived.

THE PREVENTION OF CRUELTY TO ANIMALS (AMENDMENT) BILL.

PRESENTATION OF THE REPORT OF THE SELECT COMMITTEE.

The Honourable Mr. R. M. Maxwell (Home Member) : Sir, I present the Report of the Select Committee on the Bill to amend the law relating to the prevention of cruelty to animals.

STATEMENT OF BUSINESS.

The Honourable Sir Muhammad Zafrullah Khan (Leader of the House) : Sir, Honourable Members may desire me to give them an indication of the business which Government propose to bring forward before the House is finally adjourned at Simla.

The House is already aware that the Session has been extended up to the 20th September and after the disposal of the Motor Vehicles Bill motions will be made to take into consideration and pass the following Bills, namely :

1. The Indian Emigration (Amendment) Bill,
2. The Prevention of Cruelty to Animals (Amendment) Bill as reported by the Select Committee,
3. The Employment of Children Bill,
4. The Employers Liability Bill,
5. The Indian Aircraft (Amendment) Bill, and
6. The Indian Tea Cess (Amendment) Bill.

As soon as the necessary draft is ready, leave will also be asked to introduce a Bill to regulate the extent to which railway property shall be liable to taxation imposed by an authority within a Province and a motion will be made on a convenient date to circulate the Bill for eliciting opinion thereon. If time permits motions will also be made :

1. to refer to a Select Committee the Indian Patents and Designs (Amendment) Bill, and
2. to take into consideration and pass the Indian Cotton Cess (Amendment) Bill, the Destructive Insects and Pests (Second Amendment) Bill, and the Repealing and Amending Bill.

[Sir Muhammad Zafrullah Khan.]

In addition, I have received requests that Government might afford time on an official day for Mr. Kazmi's Bill to be referred to the Select Committee and for leave to be given to introduce Dr. Deshmukh's Bill relating to the divorce of Hindu women. With regard to these two, I may inform the House that so far as I am concerned, I am quite willing that these two motions may be taken up at the end of the official business of the Session. I understand that only a few more minutes will be occupied over Mr. Kazmi's Bill.

Dr. Sir Ziauddin Ahmad (United Provinces Southern Divisions : Muhammadan Rural) : Is the Honourable the Leader of the House sure that the Motor Vehicles Bill will be finished before the 20th ? If all the Bills mentioned are coming up before Mr. Kazmi's Bill is taken into consideration, then it really means that it will not come at all. We consented to reduce the time on the Motor Vehicles Bill on the supposition that the Bill of Mr. Kazmi will come on immediately after that. Otherwise, we think that the Motor Vehicles Bill will not be finished before the 20th.

The Assembly then adjourned till Eleven of the ⁶⁵ Clock on Tuesday, the 13th September, 1938.